

## Two die as terrorists machine gun and bomb El Al bus in London

One died and nine were badly injured in central London yesterday when terrorists machine-gunned and bombed an El Al bus. A Palestinian splinter group claimed responsibility. One of those who died was an

El Al hostess; the other was believed to be a terrorist, possibly blown up by his own grenade. The attack came as the crew of a flight from New York to Tel Aviv via Heathrow was leaving the coach outside the Europa Hotel.

### possibility for the black claimed Palestinian group

Huckerby  
A Palestinian splinter group claimed responsibility for an attack on an El Al bus in central London yesterday in which one person died and nine were badly injured.

A telephone call to Reuters by the group said it was the Palestine-Special Operations group, a last warning of the Israeli air force. Mr Moshe Meiselman, Israeli Prime Minister, said it was a barbaric

two men, perhaps the coach driver, were killed. The Europa Hotel in Mayfair, where the bus was stopped, was hit by machine-guns. An air hostess and a man, thought to be a terrorist, died. The bus was blown out of control and crashed into a building.

The terrorists, at least two in number and all of middle Eastern appearance, attacked with a series of machine-guns and a sub-machine-gun fire. Mr Jacques Meray, the pursuer on the El Al flight, said that as he left the bus he saw a suspicious-looking man by the hotel entrance. As he got just next to the door, he saw that he was opening his bag. He took out a sub-machine-gun and started firing.

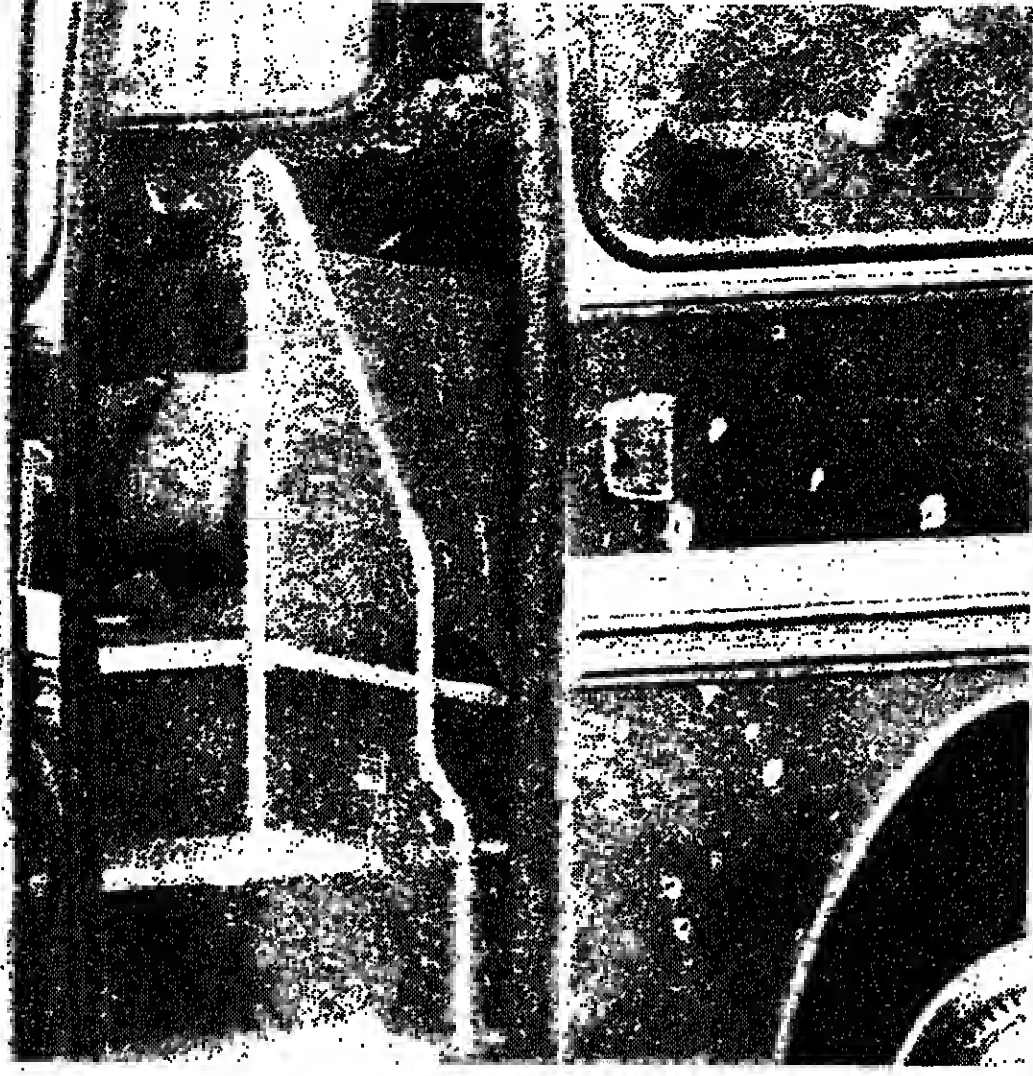
Mr Richard Oldridge, a chauffeur from Elrham, Kent, also saw the crew leaving the coach. "Suddenly a man appeared and ran alongside the coach as though he was trying to catch a bus. Somebody closed the coach doors and the man turned his back and produced a machine gun from his shoulder bag and started firing. He had his back to me and started firing in the direction of the hotel entrance. I turned round and shot inside a pub and dived on the floor."

Mr Johann du Plessis, a South African staying at the hotel, ran out from the lobby to find bodies lying in the street and "a man with a bag" running away down the street. The man disappeared along Brook Street. "I found an El Al hostess lying on her back with blood streaming from her nose and mouth. There were two other people lying near the hotel: one was another hostess, the other was a small Arab. His gun was lying next to him. It seemed that he had been killed by a hand-grenade or bomb he had been carrying."

Mr Harold Kaye, a porter at a block of Grosvenor Square flats, heard the first explosion and rushed out to see three grenades thrown at the front of the hotel. "One went off in the doorway, another in the driveway and the other under a taxi in the driveway. I saw the police, he just kept walking."

Mr Thomas Buckley, a New York Times reporter staying near by, said that the dead man lying near the hotel, who he thought to have been one of the terrorists, was small, with a moustache and deep pointed shoes. Mr John Rushford, of Nuffield College, Oxford, was in the Barley Mow when bullets started coming through the window. "All the customers hit the floor," he said.

One witness to the attack suggested that someone had been firing back from the coach, but Scotland Yard would not comment. At the scene Commander James Nevill, of the Yard's anti-terrorist branch, said that as far as he knew all the shooting and the explosions had been by the assailants. The terrorists used their sub-machine-guns with a lethal liberality. By the door of the coach there were a score of bullet holes; in travel agents' premises opposite the hotel there were more than 25 bullet



The bullet-marked coach that was carrying El Al aircrew, after the grenade and machine-gun attack outside the Europa Hotel in Mayfair yesterday.

taxi in the driveway. I saw the police, he just kept walking. He could not see the thrower, but Mr James Murray emerged from the Barley Mow public house, across a side street east to the hotel, to find the man in front of him. Mr Murray, a public house manager, said: "I saw this chap taking stuff out of his bag and throwing it. It looked like glass phials. 'I was standing right behind him but he did not see me, because he was too busy taking stuff from his bag. I saw him throw three grenades at the coach.'"

Theo the man turned and walked past Mr Murray, who stood transfixed. "He stopped what he was doing and he even had time to do up his haversack. He was calm and collected, and he passed me calmly, at a walking pace. 'I saw a policeman and a policewoman and I screamed at them, but they were going towards the Europa. The man did not even run when he saw

holes in the windows and more in the brickwork. A trail of spent cartridge cases, probably one millimetre, led down Duke Street to the east. Police at Heathrow, some armed, quickly stepped up security after the attack. As well as extra searches, there were heavy guards on El Al aircraft and at check-in desks. The dead stewardess was Irit Gilron, aged 29, from Kfar Galim, an agricultural settlement near Haifa. Two other stewardesses, Yehudit Arnon, aged 23, from Holon, and Michal Unger, aged 22, from Jerusalem, were injured. To Israel Mr Benin was being kept in a minute-by-minute touch with the investigation into the attack.

Mr Mordechai Hod, general manager of El Al, said that the British authorities had repeatedly refused to allow the airline's meo to carry guns. "We share the responsibility for security at the airports, but we cannot be responsible for

group of about 2,000 angry residents besieged the police station to demand justice. There were also reported calls to have local religious leaders run out of the city. It was the fourth reported attack on a cinema since Friday night when a cinema in the holy city of Mashad, east of Tehran, was set on fire, killing three people. Another cinema fire was reported in Reyazieh, to the west of Teheran, yesterday and today a cinema in Shiraz was also put to the torch. There were no casualties in either incident. Cinema-goers have long been among the chief targets of extremist religious demonstrators since the current unrest began in Iran last November. In the past, banks, restaurants, government offices and American installations have also been attacked. Something as horrifying as the Abadan disaster was never expected, but the arsonists may not have bargained for the doors being locked.

The tempo of violence has steadily increased during this holy month of Ramadan, when Muslims fast and pray. There are widespread fears that it will reach its peak later this week when the nation mourns the assassination of Imam Ali, revered as second only to the Prophet Muhammad. In previous years this has always been a period of high emotion for the nation's Shia Muslims and religious sources have said that there could be serious trouble this year. The Shah has promised "Western-style democracy" for his subjects but the religious extremists, spiritually led from Iraq by Ayatollah Khomeini, their exiled leader, are demanding a return to Islamic law, under which such things as cinemas and liquor shops would be banned and all women would have to wear veils. The Shah claims the religious elements are in fact being used by communists who are trying to turn Iran into an "Iranistan", that is, a Soviet republic.

## 377 killed in fire at Iranian cinema

From Tony Alloway  
Teheran, Aug 20

Police tonight blamed "treasonous elements" for the deaths of 377 cinema-goers in Iran's southern oil capital of Abadan. At least 23 people were hurt, many critically, and 100 others escaped injury as flames engulfed the Rex cinema during a late performance last night.

Police said a caretaker at the cinema was arrested in a drunken condition and accused of helping the arsonists. Three more arson and bomb attacks on cinemas and restaurants were reported today in Teheran and the southern city of Shiraz, but there were no casualties.

Police said the Abadan attackers poured petrol around the cinema and let it seep inside before setting it alight. Witnesses also spoke of hearing loud explosions before flames shot up the cinema walls.

A key factor in the high death toll appeared to be that Mr Ali Naderi, the cinema owner, had locked the cinema exit when the film began. He was arrested for alleged negligence.

Witnesses said the cinema-goers panicked then they saw the flames and many died trampled underfoot in the rush to escape. Others were burnt or asphyxiated during desperate attempts to batter down the exit doors.

The authorities decided to ignore strict Islamic laws and buried the bodies in a mass grave outside the city. Police said attempts to identify many of the bodies were impossible. General Muhammad Bagher Nemazi, the provincial governor, flew to Abadan to pass on the Shah's condolences to bereaved relatives and head a special investigation committee. He described the arsonists as a "bunch of godless inhuman elements". So far the Government has maintained an official silence about the incident.

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## Nigerian minister joins Mr Mugabe at Patriotic Front talks

From Lawrence Pintak  
Lusaka, Aug 20

Concluding a three-day summit between the two wings of the Patriotic Front, Mr Joshua Nkomo and Mr Robert Mugabe, the joint leaders, today appeared on more willing to compromise with white and black leaders in Salisbury.

The meeting took place amid reports that a new all-party conference on Rhodesia was imminent. Both Mr Nkomo and Mr Mugabe said they were still willing to attend such talks, but indicated they would now demand more from their internal counterparts than ever before.

On Friday, after only a few hours of talks, Mr Mugabe abruptly flew to Lagos, returning with Brigadier Joseph Garba, the Nigerian Foreign Minister. The trip and Brigadier Garba's presence, set off speculation here over the role being played by the influential African state in the Rhodesian negotiations and the possibility of increased Nigerian involvement in the war.

The guerrilla leader left here today on board Brigadier Garba's aircraft. Mr Mugabe, head of the Zanu (Zimbabwe African National Union) wing of the front, would only say he had asked for increased military aid from Lagos, and claimed the Nigerian Foreign Minister had returned to Lusaka "on private business".

Asked if the Patriotic Front was seeking the introduction of Nigerian troops into the conflict, Mr Mugabe replied: "We have enough forces ourselves. What we need is arms." He said his meeting with Mr Nkomo resulted in nothing new on our side regarding the proposed all-party conference, adding that "the Patriotic

Front is prepared to attend such talks if and when they are held". In a telephone interview, Mr Nkomo, head of the Zapu (Zimbabwe African People's Union) wing of the front, said that while the organization agreed in April to take part, "this is August now and the nature of any conference is determined by the progress of the war". Asked if that meant that since the war was moving in the guerrilla's favour, there was no incentive to talk, the nationalist leader replied: "The war is going in our favour", so the nature of the conference must be in our favour.

Neither man would directly confirm what nationalist sources have been saying for some time with the continued success of the war, and growing problems within the interim government in Salisbury, there is no reason to negotiate. Mr Mugabe, however, came closest to putting that into words: "It is extremely important that we step up the war now that the enemy's showing visible signs of crumbling, and bring about the fall of the Salisbury Government as soon as possible."

"We are for the complete overthrow of the regime and the replacement of its forces by our forces," he said. Mr Mugabe confirmed that the black guerrillas to the internal settlement would be executed after a Patriotic Front takeover. "We have given them a chance to retract, to repent, they have not chosen to," he told reporters. "Obviously, they will be liable for punishment for their complicity in the commission of these atrocities."

## Mr Smith edges closer to talks

From Nicholas Ashford  
Salisbury, Aug 20

Mr Ian Smith, the Rhodesian Prime Minister, edged closer towards agreeing to attend an all-party conference on Rhodesia when he admitted today that the transitional Government was in constant touch "with people" about holding such a meeting.

However, in a television broadcast he warned Rhodesians not to be too optimistic about the outcome of such a conference because of the differences which still existed about the future composition of the security forces.

Referring to a remark by Mr Robert Mugabe, co-leader of the Patriotic Front guerrilla organization, at the weekend that the Rhodesian security forces should be completely disbanded, Mr Smith said it would be "dangerous for us even to attend the conference with people who are going to put forward that kind of demand". He said he could think of few things which would do more harm than to tamper with the security forces, "especially when one considers the

## Owen hope of early conference

Dr David Owen, the Foreign Secretary, said yesterday that he thought an all-party round-table conference would take place soon.

As speculation grew about a possible conference to include Mr Ian Smith, the Rhodesian Prime Minister, and Patriotic Front leaders, Dr Owen said: "I want it as soon as it can be held."

"I had always hoped we would get it towards the end of this month but it may now well go into September, but I hope not too long now."

Dr Owen, interviewed on BBC radio, was asked: "You have no doubts at all it will happen?" He replied: "I think it will happen, yes." Asked whether he could believe Mr Smith was sincere in getting round the negotiating table, the Foreign Secretary said: "Well, you can never be sure. Throughout this whole exercise one has had to be patiently moving, so sometimes ahead, sometimes back. But all the time, if you look back over the past 18 months, there is a steady progress towards the recognition that there has to be a transfer of power to the majority and a new independent Zimbabwe."

## Facing 'astating' costs

Bill would immediately ease natural gas costs could mean foreign savings of \$2,500m and overall cuts in oil imports costs of \$300m by 1985.

Exports were likely to be more than \$40,000m this year despite a fall in the oil price earlier in 1978, rising sharply and was going up at an annual rate of 4.5%.

It was essential when oil is wrecking out of payments. Dr Carter argued in a television interview that Congress to be more willing to energy legislation and the severe pressures of the oil crisis. No doubt that passage of the bill would be a relief to the President. Carter to oil tariffs, or quota is 00 energy imports.

## Germans fear more IRA bomb attacks

Bonn, Aug 20.—German security officials said today that they feared West Germany could become a considerable target for Irish Republican Army violence, after the bombing of British Rhine Army bases at the weekend. A British military spokesman at BAOR headquarters in Mönchengladbach said initial forensic tests indicated the eight bombs were probably the work of the IRA.

"If these suspicions are confirmed, it is an alarming development for Germany," a senior police officer involved in the hunt for the bombers said. The security officials said the devices, some of them extremely powerful, had evidently been intended as a warning and had not been placed to kill or maim. "If this was a warning, what will happen if the terrorists get serious next time?" the police officer said.

No organization has publicly admitted responsibility for the attacks, which struck seven German towns late on Friday night and early yesterday. The bombs caused considerable structural damage but the only casualty was a woman soldier slightly injured by flying glass splinters. British and German experts today studied fragments of the bombs, three of which consisted of more than 50lb of explosives. The BAOR spokesman said the devices had been found to bear what he called marks of the hallmarks of the IRA, but he gave no details.—Reuters.

## RAF shadows crippled Soviet submarine

By a Staff Reporter  
A crippled Soviet nuclear submarine was being towed around the north coast of Scotland last night after breaking surface just west of Scotland on Saturday. The Echo II class submarine, which can carry nuclear missiles, was being towed by a Russian tugboat and escorted by several ships of the Soviet Northern Fleet. The operation was being shadowed by RAF maritime reconnaissance aircraft from Kington and two United States Orion aircraft from Keflavik, Iceland. A Royal Navy offshore patrol vessel, HMS Lifford, was also in the area, about one hundred miles north-west of Cape Wrath.

The 5,600-ton submarine broke surface on Saturday night after sending out calls for assistance to other units of the Soviet fleet. The Navy said it was taken in tow by the tug boat, which is stationed off the Shetlands for such emergencies. The two were moving at about two knots and were believed to be heading for the Baltic. Escorting them were a Kresta II class guided-missile cruiser, a Kashin class guided-missile destroyer, a mine-sweeper, an oiler and a survey ship. The Echo II class submarine has eight missile launchers. The Russians made no request for assistance, the Navy said, and there were no fears of a nuclear hazard.

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## Karpov scores two wins in an hour

Anatoly Karpov, the Soviet world chess champion, surged ahead to a 3-1 lead in his title match in the Philippines by winning two adjourned games against Viktor Korchnoi in roughly an hour. He needs three more victories to retain his title.

Police call renewed  
Sir David McNee, Metropolitan Police Commissioner, renewed his call for sweeping new powers for the police, who were fighting crime "with one hand tied behind their backs". Statutory hacking would remove an officer's temptation to "bend the rules."

Anti-Nazi League: A big demonstration in the East End of London against the National Front passed off without incident.  
Rome: Little talk of papal communion touch as Vatican prepares for opening of coclave of cardinals.  
Scotland: A four-page Special Report on its development and prospects.

## Prague empty on eve of invasion day

Prague was almost deserted on the eve of the tenth anniversary of the Soviet-led invasion. Many people left for the weekend and most districts decided to spend the anniversary in the countryside on official advice. The police gave them the choice between a day in the sunshine or in a police cell. Security precautions were discreet.

White Paper 'unreal'  
The Engineering Employers' Federation has sharply rejected the White Paper on employee participation in industry, describing it as "an unreal concept". It adds there is no sound reason why industry should be singled out for the infliction of a "false and dangerous principle."

By-election charge  
Mrs Phyllis Bowman, director of the Society for the Protection of the Unborn Child, has been charged with improperly issuing pamphlets during the Eford, North, by-election campaign earlier this year. The case is to be heard at Redbridge, Essex, on September 13.

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Nederichs  
Town, Aug 20.—President Diederichs, aged 74, who has been ill in hospital for six weeks, suffered an attack tonight, his secretary said. Reuters.



## HOME NEWS

## Social workers' strike is extended to a new London borough

By Christopher Thomas

Labour Reporter

A strike by social workers in two problem areas is being extended today to the London Borough of Tower Hamlets, another area of heavy social strife.

It brings to nearly 700 the number of social workers striking in support of a claim for pay grades to be negotiated locally instead of nationally. Social workers in Tower Hamlets, London, are on strike since last week on whether to take limited action.

Welfare services in New-castle upon Tyne and the London Borough of Southwark have been badly affected by a week-long strike. Local officials of the National and Local Government Officers' Association (NALGO), which represents most of about 30,000 social workers, have instructed members to answer emergency calls.

Services that have been suspended include foster care visits, court reports, approval of new foster-parents, six-month reviews of children in care, registration of child minders and looking after children on supervision orders.

Southwark council is using other social services staff to

deal with emergencies with emphasis on children in care. Other priority work includes statutory admissions to hospitals under the Mental Health Act, admission and discharge of children in care, and admissions to day and residential care for the elderly, mentally ill and handicapped.

NALGO's emergency committee, which authorizes strikes, is not due to meet this week, which indicates that the strike is probably just under a month away from a long stoppage. The committee could be convened within 24 hours if there was an initiative, but so far the employers have refused to concede local negotiations.

Social workers have a long salary scale, but the average is probably just under £4,000. They want local bargaining rights for two main reasons: to raise the basic scales, and to negotiate extra pay in problem areas.

Mr John Daly, NALGO assistant general secretary, said: "Social workers in various parts of the country are in different stages of negotiations. I expect we shall get children on supervision orders in three or four weeks from other areas wanting to take action."

## Police free father of bomb trial man

Mr Brendan Gallagher, the Irishman who was arrested by Special Branch men on Saturday as he arrived in England to see a preview of a BBC play about his son's trial, was released yesterday.

Mr Gallagher, of Garton Avenue, Strabane, Co Tyrone, was held under the Prevention of Terrorism Act for 24 hours at Fleetwood, Lancashire, where he arrived in a lorry on board a cargo container ship, the Bison, with his brother John, who lives near Chorley, Lancashire.

A preview of the play, about Mr Brendan Gallagher's son, Mr William Gallagher, who was jailed for life in 1976 for the bombing of the British Legion hall at Strabane, is to be held in London today. Banned "The Legion Hall Bombing", it is to be screened tomorrow night.

Earlier this year the play was temporarily banned by the BBC, and its author, Caryl Churchill, claims that changes have been made to it without her consent.

Mr Brendan Gallagher has been fighting for three years

to establish the innocence of his son, who has been in prison for five years in the Maze Prison at Long Kesh.

Mr John Gallagher said that he and his brother had been told by two plain-clothes officers that they were detaining him under the Prevention of Terrorism Act. "I do not know why. Brendan has no political affiliations and the only incriminating thing he had on him was a packet of razor blades."

He added that Mr William Gallagher had had IRA connections when he was aged only 14. "William served a sentence at borstal. When he came out, my brother Brendan gave him a good hiding and went to see the Provost and told them that from now on William would have nothing to do with them."

He said that Mr William Gallagher had campaigned also against his conviction for the bombing, saying he was innocent. "He has been on hunger strike and is now down to seven stones. It is an unhappy situation for the whole family, made worse by Brendan having been detained for no reason whatsoever."

## Government muddle blamed for risking death of aged

By Our Consumer Affairs

Correspondent

The National Fuel Poverty Forum accused the Government yesterday of a "muddle" which could cause death from hypothermia among the elderly this winter.

Mr David Green, secretary of the forum, which consists of 21 voluntary organizations including Age Concern, Help the Aged, Child Poverty Action Group and Friends of the Earth, said that a letter from Mr Joel Barnett, Chief Secretary to the Treasury, showed that the Government was in confusion over the implementation of its amendment to the Homes Insulation Act which would deprive the elderly of social help and stop money from being made available to the old and disabled for home insulation, he said.

Mr Barnett wrote that to identify and give priority to the poor and elderly in the Government's private house insulation scheme would be administratively difficult and costly, and the insulation industry's capacity would be an important constraint on any extension of the scheme.

Mr Green said yesterday that the Department of the Environment had in fact written to local authorities asking them to ensure that the elderly were given special help with household insulation.

He said that the insulation industry had been working badly for two years because of Government indecision.

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## Increase of political violence in London

The last two years have contained a dramatic increase in the conflict of the Middle East being played out in London's streets. But Israelis have not been the main victims.

The most notable anti-Jewish shooting was the assassination attempt against Mr J. Edward Siffert, president of Marks and Spencer, in December, 1976.

A masked gunman burst into his home in St John's Wood and shot him at point blank range. The bullet lodged in Mr Siffert's brain, but he survived.

Eight Arabs have been assassinated in London since 1977 and others have narrowly escaped.

Since the beginning of this year the toll reads: New Year's Eve, two Syrians killed in a car bomb explosion in Mayfair; January 5, Said Hammami, London representative of the Palestine Liberation Organisation, was shot dead in Mayfair; July 10, General Abdul Razak al-Naif, former premier of Iraq, died in hospital after being shot outside the Intercontinental Hotel in Mayfair.

On July 28 the Iraqi Ambassador to London escaped when a grenade was thrown under his car outside the embassy near Hyde Park.

In April 1977, Abdullah al-Hajjari, prime minister of North Yemen, his wife, Fatima, and a minister at the Yemeni Embassy were shot dead outside the Royal Lancaster Hotel, Bayswater.

Five months later a close friend of the late President Nasser was found murdered in his Harley Street flat.

## Commissioner does not want 'a police state—or a society ruled by criminals'

Police were working with one hand tied behind their backs, Sir David McNeice, Commissioner of the Metropolitan Police, said yesterday.

He said that the police were doing, and were expected by society to do, should receive statutory backing.

That would take away the temptation for a police officer to "bend the rules" he said in a television interview. He did not want them to be doing their duty "by bluff, by stealth or by force."

Renewing his controversial call for sweeping new powers for the police, he said: "I do not want a police state, but I am certain that I speak for the majority of society today when I say I do not want a society ruled by criminals. We want a balance in the middle somewhere."

Sir David, whose proposals have been put before the Royal Commission on Criminal Procedure, answering a question about public concern, said: "I would defend a man's civil liberties but we are not going to have a society where individuals are afraid to leave their homes or walk the streets."

Interviewed in the Tyne-Tees Television programme Meet the Press, Sir David, who was nicknamed "The Hammer" while Chief Constable of Glasgow, denied that his proposals were an attempt to justify a police right to break the law.

He believed that the issues put before the royal commission would help to improve the crime detection rate in London, which was down to just over one fifth.

One of the most alarming features, he said, was juvenile crime. The 10 to 16 age group accounted for about 29 per cent of all those arrested for serious crime; and 51 per cent of all people arrested in London for indictable crimes were under 21 years old.

"It is quite frightening," he said. "It is quite distressing, and the sooner society does something about it—parents, teachers, social agencies, whoever—the better."

He criticized the attitude that all young people brought before the courts were welfare cases. "I do not think they are all welfare cases, and we are distressed by the resources being treated in such a way. It is high time we are saying to some juveniles, 'enough is enough'."

Sir David denied that the public had lost confidence in the police, and quoted opinion polls where the policeman was always come out right at the top.

In an appeal for harmony at next weekend's Notting Hill Carnival, he said: "As far as the police are concerned, we do not want a confrontation. We want the Regatta community to enjoy itself, and we will give them every assistance to do so."

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A casualty from the shooting in Duke Street being carried to an ambulance.

## Israeli minister demands an official inquiry

Continued from page one

the security of the staff once they leave the airport. That is the responsibility of the local authorities."

The Transport Minister, Mr Amis, announced an official inquiry into the attack. "We want to determine whether our people adhered to the required security measures and whether a police fully carried out their responsibilities."

In London it was pointed out that it was up to the British police to investigate the matter. But Government sources indicated last night that Britain was not disposed to respond to

criticism by the Israelis of the British police, which was made, it was felt, in the heat of the moment.

Mr Callaghan was kept informed of all developments. Only last month he ordered a switch of venue to Leeds Castle, Kent, for the meeting between Mr Mohammed Ibrahim Kamez and Mr Moshe Dayan, foreign ministers of Egypt and Israel, after security service reports of a possible terrorist assault if it was held in London.

A few hours after yesterday's attack, members of Mr Begin's Herut Party started a picket in London outside the offices of the Arab League in Green

Street, a few hundred yards from the hotel. They were demanding that the offices be closed.

The PFLP Special Operations group, which claimed to be responsible for the attack, was behind the hijacking of a Lufthansa jet to Mogadishu last October, and has a long record of acts of terrorism and political violence.

The telephone statement said "El Al was a military institution used to carry spare parts and volunteers to Israel for the fight against the Palestinian people. Thus the group considered it a military target. This attack is a last warning to all passen-

gers against the use of the airport," it said.

The statement attacked Mr Callaghan for his cooperation with Israel, saying that "he will pay for it."

There was also a call for an end to the internecine strife among the Palestinian factions indicating that the attack could be an attempt to halt such fighting by turning attention back to Israel as the common enemy.

The statement said: "Progressive Arab forces must solve their political contradictions peacefully and combine all efforts to strike against the Zionists."

## Two marshals killed trying to stop sports car race

Racing authorities at Silverstone, Northamptonshire, will be holding an inquiry today into the death of two track marshals on Saturday.

One was killed instantly and the other died in hospital after a Jaguar sports car had crashed into a group of marshals trying to stop a race.

Another marshal was critically injured and a fourth is in hospital recovering from minor injuries.

The man killed on the spot was Mr Nigel Tan, aged 32, of Senecore, Crescent, Boston, Lincolnshire. Mr David Allen,

aged 28, of Bartholomew Road, Cowley, Oxfordshire, died later.

The condition in Northampton General Hospital yesterday of Mr John Baker, aged 34, of Steven Road, Tunbridge Wells, Kent, was "very poor".

The fourth marshal was Mr Richard Delemay, aged 29, of Kent Gardens, Eastcote.

The driver of the sports car, Mr Reginald Woodcock, of Harts Road, Walsworth Heath, Birmingham, was uninjured.

The accident occurred during a British Racing Marshals Club meeting.

## Election pamphlets charge

Mrs Phyllis Bowmao, director of the Society for the Protection of the Unborn Child, an anti-abortion group, has been charged with breaching electoral law at the Ilford, North, by-election last March.

Mrs Bowmao said yesterday: "All I did was issue a pamphlet pointing out the different views of the candidates on this issue. I did not encourage voting for any candidate. I shall be fighting most strongly."

The charge alleges that, "not being a candidate or election agent, and without authority, she did incur the expense of issuing publications, with a view to promoting, or

procuring the election of a candidate."

The case will be heard at Redbridge, Essex, on September 13.

Our legal correspondent writes: Section 63 of the Representation of the People Act, 1949 (as amended in 1969) states: (1) No expenses shall, with a view to promoting or procuring the election of a candidate at an election, be incurred by any person other than the candidate, his election agent and persons authorized in writing by the election agent on account: (b) of issuing advertisements, circulars or publications."

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## Tory tax aim 'would hit poorest groups'

By Christopher Thomas

Labour Reporter

Mr David Barnett, chairman of the Trades Union Congress, delivered last night a further onslaught on Conservative policies in what is rapidly becoming a one-man battle with the Tory hierarchy.

He defended vigorously the right to a fairer society established through the Trade Union Committee for Labour Victory between the trade unions and the Labour Party, and "Every active trade unionist must vote at the coming election for the return of a Labour government."

His attack on the Conservatives ranged through economic policy, public spending, education, race relations and law and order. It amounted to a straight rejection of criticism of the committee for Labour victory by Sir Geoffrey Howe, QC, and Mr Michael Heseltine.

Mr Barnett said that Conservative economic policy was based on four main points: massive public spending cuts; cuts in taxation, especially direct taxation; firm control of the money supply; and an end to price controls.

Public spending cuts would affect social services, state education, the National Health Service and employment subsidies, saving 400,000 jobs. The Conservatives proposed to save all the money spent by the National Enterprise Board and a further £350m under the Community Land Act, which had cut back on land speculation "where many a Tory fortune has been made."

Mr Barnett, general secretary of the General and Municipal Workers' Union, made his lengthy criticisms in an article in his union journal. Shifting the tax burden on to indirect taxes, and primarily on to VAT, would hit hardest the poorer income groups, he said.

"Every trade unionist must recognize that a vote for the Tories is a vote to reverse the social advances we have made in the last 30 years," he said. "It is a vote for inequality, for elitism, for private affluence and public squalor



THE NEWS

# Most holidaymakers know nothing about EC medical scheme

Young Affairs

After Britain's entry into the EEC, most holidaymakers going to the Continent have not heard of the medical care scheme which will be available to them.

On the return journey, none of the passengers who had been abroad had taken E111 with them. Bills they had paid varied between £8 and £17.50. None had been seriously ill.

Several people said they might have sought medical help had they not been worried about the cost.

Travelers with the form had found it simple to obtain. Others had met difficulties. Mrs Jean Browning, of New Malden, London, said she had gone to the Kingston office to apply but had given up after finding a queue of more than 50 people.

Mr John Coffey, of Stone, Staffordshire, said his local office had told him that as an old age pensioner he did not need to qualify. That information, if given, was wrong.

Mrs Irene O'Brien, of Newcastle-under-Lyme, said her local social security office had sent an E111 by post after one telephone call.

From January 25 to July 11 last, 248,099 of the forms were issued. The month ended July 11, with 71,963 issued, was the busiest.

The department said that a simplified leaflet, SA28, is being issued this month.

People had taken out medical insurance than of the scheme.

# Defence is 'shambles' Tory MPs complain

A civil defence "is an anathema" to the Tories, a "fog of secrecy, miserably imposed",ervative MPs suggest. The published yesterday.

368 successive governments have gambled that there ought to be, when interest occurs, to enable policy for the home to be established. Mr. Ison (Walsall, North) tobert Banks (Harrogate), gamble fails, millions will be disconnected.

They also urge tax concessions on the cost of installing A-bomb shelters in new buildings; a special home defence committee within the Office of the Minister; an inspector of home defence to examine local authorities' plans and "shame" the more recalcitrant into action; and a national and regional civil defence exercise to be held in alternate years.

Britain's Home Defence Gamble (Conservative Political Centre, Smith Square, London, SW1, 80p).

# sidy plea for maps

Government was urged to subsidize the cost of survey maps to countryside accidents.

Ordinance Survey maps increased the visitor's enjoyment of the countryside, and they had an undoubted value to students, historians and geographers.

A government subsidy aimed at keeping the maps at pre-1977 prices would be fully justified, the commission said. One of the reasons for the maps was to reduce conflict between landowner and visitor by showing rights of way, but high copyright fees were leading to cheaper, poorer maps in guide books and other countryside publications.

# ion strategy ing by Tories

atives in Wales held meeting yesterday to planning for the election expected in the next few weeks.

Mr. Shadow Secretary of Energy, is to begin tour of South Wales region area today.

Reverend Laws, Wales centre agent, said their disinvolved plans for a right up to election never that might be.

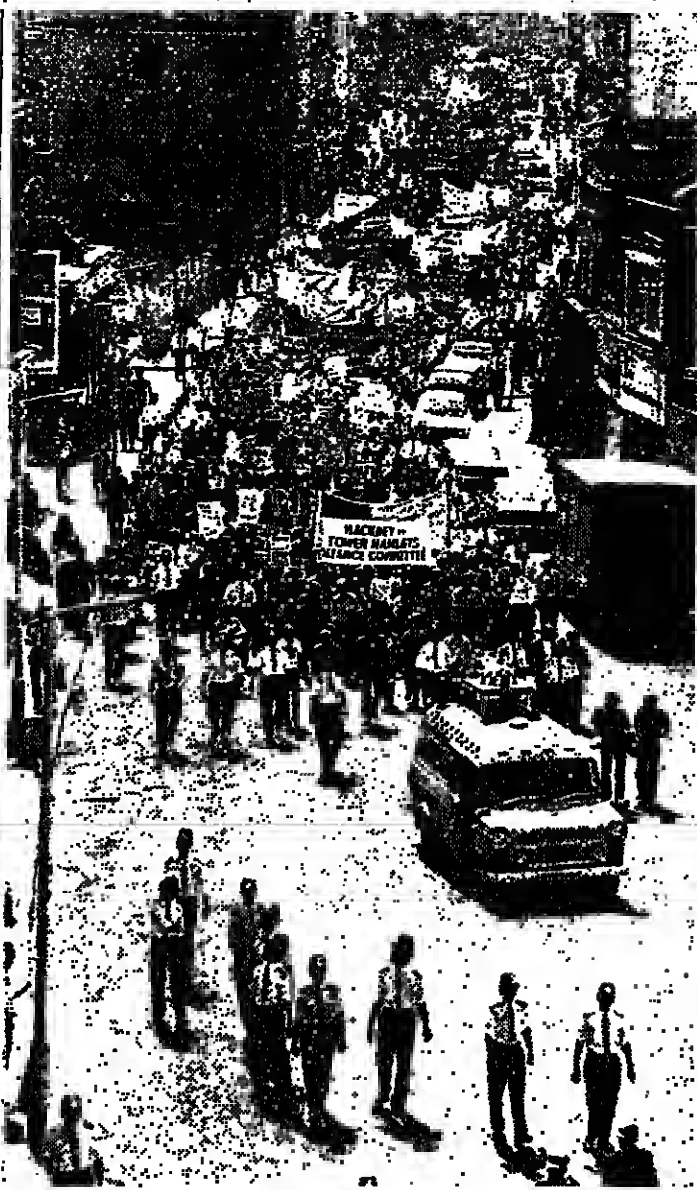
# 'complaint against paper upheld

plaint that the Daily Mail to correct an inaccuracy in the National Front's campaign when it was not upheld by an adjudication today.

The Daily Express reported that a weekend's scenes of National Front violence "councillors' for a ban on exiles."

Mr. Webster, national of the National Front, the editor and then to the Press Council. He said that there was no involvement in the National Front of supporters that after telephoning the thought it did not wish a correction and was that by delay the Front could convince that they neither nor created violence the phrase used had been.

Mr. Webster had been and offensive on the



East End demonstration: Part of a march by more than 2,000 people through Shoreditch, London, yesterday in a demonstration aimed at making Brick Lane a "no-go area" for the National Front.

Many of the demonstrators were members of the Anti-Nazi League, which has held protests over the past four weekends.

# Complaints system changes 'would drive doctors daft'

Proposals by the Department of Health to change the way patients' complaints against their doctors are handled were opposed yesterday by a doctors' leader.

The proposals would give patients up to six months to make their complaint, instead of eight weeks, would allow them access to the doctor's case notes when the complaint was heard, and provide for doctors to have "suggestion boxes".

Some of the proposals were "just not on", Dr John Marks, vice-chairman of the British Medical Association's doctors' committee said yesterday.

"If they really want to drive doctors daft, this is the way to do it," he said. "It is another one-sided move against the profession."

Allowing patients up to six months to complain could lead to old incidents being revived if the patient and doctor disagreed later. No one's memory was as good as that for incidents.

# One-parent cash benefit over £800m

In social security alone, the total expenditure on cash benefits for one-parent families is more than £800m a year, compared with less than £300m when the Government took office. The improvements in benefits next November will increase this expenditure to about £900m a year.

Social Services, Aug 3

Dismissals: About 670 civil servants have been dismissed on disciplinary grounds since January 1978, when a central record of such cases was first published. The number of dismissals is not recorded centrally; nor are the offences that have caused them. There is no code automatically assigning particular penalties to particular offences, as disciplinary action is required to be reasonable.

# Answers in Parliament

A digest of information given in parliamentary written replies with the sources and dates on which they appeared in Hansard.

ing to the circumstances of each case.

Civil Service Department, Aug 3

Picketing: After careful consideration by the Government of the basis for consultation on picketing, it is hoped soon to begin formal consultations with the parties principally concerned.

Employment, Aug 3

Hospitals: For the year ended December 31, 1977, in England, the provisional total of hospital inpatient waiting lists in England was 601,000 at that date.

Social Services, Aug 3

Rhodesia: Statistics of British passport holders in Rhodesia are not maintained. But it is estimated that there are about 80,000 British citizens in Rhodesia, and a further 75,000 persons who are eligible to settle in Britain.

Foreign Office, Aug 3

Ulster: The latest estimate of the net cost to British taxpayers of all government services provided for and to Northern Ireland during 1977-78 is £1,018,000,000.

Treasury, August 1

# Labour housing conflicts 'drive people out'

Conflict within the Labour Party over home ownership is helping to drive 1,000 people a year out of Inverclyde, Mr. James Mitchell, convener of the Inverclyde district housing committee, said yesterday.

He claimed that Mr. Hugh Brown, Under-Secretary of State for Scotland, had not replied to an application almost a year ago to sell local authority houses.

"Last year the Labour Government issued a Green Paper on housing, exploring the imbalance between owner-occupied and council housing in Scotland," Mr. Mitchell said. The paper suggested a solution to the housing crisis was to start tenants. At the same time the party's conference in Scotland deplored the sale of council houses, he said.

By not giving an answer, Mr. Brown is frustrating the housing needs of the electorate. We lose 1,000 people every year through youngsters having to move outside the district to buy houses."

If the district still has not received a reply from the Scottish Office by September 18, Mr. Mitchell said, he will move that individual applications be considered. That would mean much work, "but it may just make them do something about getting us a reply."

# WEST EUROPE AND OVERSEAS

# Prague deserted on eve of Soviet invasion anniversary as dissidents take a long weekend

From Douglas Gerwin, Prague, Aug 20

Prague was almost deserted today on the eve of the tenth anniversary of the Soviet invasion. Many people had left the city for the weekend and most dissidents decided to spend tomorrow in the countryside in an interrogation cell.

Long policemen circled round the equestrian statue of St. Wenceslas, scene of violent demonstrations on the invasion's first anniversary, watching a few tourists and passers-by enjoying the sunshine.

Apart from a few military vehicles parked in streets leading to Wenceslas Square, there was little evidence of any build-up in the district which the police have been keeping on Prague for the past month.

Outside the central police station, one policeman was seen as he stood watch over water cannon and armoured personnel carriers parked in a side street.

Along the Vltava river military lorries have been parked in lanes between the buildings. No effort has been made to block off areas which became flashpoints of violence on August 21, 1968, as Soviet tanks rumbled through Prague to overthrow the reformist government of Mr. Alexander Dubcek.

Dissidents were told during police questioning that they could spend tomorrow out of town or in preventive custody.

# Clashing views at rival London rallies

By Lucy Hodges

London rallies by the two main political parties to mark the tenth anniversary of the Soviet-led invasion of Czechoslovakia must have caught the tourists as much about British politics as about the Prague Spring of 1968.

The Young Conservatives' march and rally in Trafalgar Square—by far the largest and best organized event—concentrated on attacking socialism. Conservative speakers, who included Sir Keith Joseph, responsible for policy and research, saw the events leading to the invasion as the beginning of a new era of the spontaneous release of the Czech and Slovak spirit.

The Labour Party's gathering sponsored by the National Executive Committee, and held at Speakers' Corner, was aimed at placing the events in a communist context. Mr. Jiri Pelikan, former head of Czechoslovak Television, said: "It was not a local event. It is only the beginning of a greater movement going on in all systems in Eastern Europe."

Labour speakers included Mr. Ian Mikaw, MP for Tower Hamlets, Bethnal Green and Bow, and Mr. Philip Whitehead, MP for Derby. Mr. Tariq Ali, of the International Marxist Group, and Mr. Denis MacShane, president of the National Union of Journalists, also spoke.

Labour's event, organized by the Committee to Defend Czechoslovak Socialists and the Eastern European Solidarity Campaign, was small compared with that of the Conservatives. It was hampered by hecklers and the fact that the organizers had not obtained permission to use a loudspeaker.

After the speeches, the group wanted to march in the value of Christianity, back to our European traditions."

# Lisbon Communists' wary attitude to new Premier

From Jose Shercliff, Lisbon, Aug 20

Senhor Alvaro Cunhal, the Portuguese Communist leader, today said that the party's attitude to the new Government headed by Senhor Nogueira de Costa would depend upon its composition, its programme and its subsequent activity.

He rejected rumours that the Communist Party wanted to arrange President Eanes before Parliament. His party was "prepared to come to an understanding, establish alliances, form blocs with other parties, but the Socialists and other democrats in order to solve national problems, and protect the interests of the workers."

He added: "But we shall not take part in any campaigns to elect a new government."

The Lisbon Sunday newspaper Domingo strongly criticized attacks on President Eanes which have come particularly from the Socialist Party. The newspaper defended the President and dismissed the Socialist Prime Minister, and attacked the Socialist Party's attitude as "irresponsible."

It is expected that Senhor Nogueira de Costa's Government may finally be formed this week. It is believed that it will consist of 15 ministers and 30 secretaries of state.

The new Government will be a non-party regime of technocrats and independents. "Competence" is the quality demanded by President Eanes who has to approve the Prime Minister's choice of ministers.

The Assembly of the Republic has been summoned to an extraordinary session opening Tuesday. It will discuss a Bill on a new census of citizens in view of possible early general elections.

# Prince says Corsica shooting was accidental

Marseilles, Aug 20.—A young West German allegedly shot in Corsica by Prince Vittorio Emanuele of Savoy, son of the late King Umberto II of Italy, during a fracas over a missing rubber boat remained in serious condition today.

Prince Vittorio, aged 19, of Marburg, was hit in the abdomen by a bullet on Friday near the southern Corsican town of Bonifacio. The Prince has been in a hospital in Marseilles since he was shot. He has been in a coma since the shooting was accidental. He has been in custody, charged with assault and illegal possession of firearms.

# Little talk of papal common touch

From Peter Nichols, Rome, Aug 20

The most overworked phrase so far about the prospective new Pope is that he should be a man of God, a requirement repeated today by Cardinal Thielmann, Archbishop of Dakar, Senegal, who also said that the church should seek greater participation at all levels.

His statement comes five days before the opening of the conclave which should see 111 cardinals engaged in the process of electing a Pope able to lead the Roman Catholic Church at a critical moment for all organized religion.

Cardinal Thielmann was consecrated Archbishop in 1962 by Mgr Marcel Lefebvre, the traditionalist who does not believe the traditionalists cause will influence the forthcoming conclave. His insistence on the fullest participation in church affairs does nevertheless go beyond phraseology.

Efforts have been made to establish what sort of foreign policy the next Pope should have; how he should deal with the financial deficit, the problems of the Curia, and whether he should be Italian, black, from some small neutral European country or from Latin America.

What has so far been virtually ignored is the need for a Pope who will not only deal with all these issues but also fill the vacuum in Catholic affairs concerning popular religion.

Pope Paul VI called in his will for a continued application of the decisions of the Second Vatican Council, which raised the question of popular participation in ecclesiastical affairs.

The council's teaching has already been applied as far as liturgical reforms are concerned. Apart from this attempt at meeting the needs of ordinary worshippers, the impression of the council in much of the Catholic world is that it dealt almost exclusively with the questions of the organizational

printed several articles by Czechoslovak officials praising the "international aid" of the Warsaw Pact forces.

Bonn: Herr Hans-Dietrich Genscher, the West German Foreign Minister, said today that the last words on the invasion had still to be written.

In a statement he said that the invasion was "an attempt to smother the realization of democracy and freedom."

Rome: The Italian Communist Party takes the tenth anniversary of the invasion as evidence that the connection between socialism and political democracy "cannot be transitory" (Peter Nichols writes).

The party's newspaper L'Unita, says that the Czechoslovak experiment never went beyond the bounds of socialism. A conscious attempt was revealed to create a socialist society different from the Stalinist pattern. The change was too great to be achieved without conflict.

Essential problems were faced for the construction of a communist society in a country industrially advanced and with deeply rooted democratic customs.

The most eloquent proof of the legitimacy and fertility of the course taken by the Czechoslovak Communists in 1968 was provided by what happened in the intervening 10 years. Not one of the problems brought into the light then had really been solved. The crisis opened by the intervention had not been resolved.

# US freedom award for Herr Springer

From Our Correspondent, Berlin, Aug 20

Herr Axel Springer, the West German publisher, was presented with the American Friendship Medal today by Mr. John Connally, former governor of Texas.

Mr. Connally said, "His determined fight for freedom and for his resistance to totalitarianism."

Replying, Herr Springer said that he and his organization would never give up the battle against injustice and persecution.

The three previous recipients of the award were Sir Winston Churchill, Mr. Ramon Magsaysay, the former President of the Philippines, and the Russian writer Alexander Solzhenitsyn.

# Spain to issue stamps of Picasso works

From Our Correspondent, Madrid, Aug 20

The first Spanish postage stamps to bear reproductions of the works of Pablo Picasso will go on sale next September.

All of the paintings selected for the series are in Spanish collections, the Madrid evening newspaper Informaciones reported yesterday.

The stamps will be in eight denominations ranging in value from 25 pesetas (2p to 18p). The eight paintings chosen for the series are: "Portrait of Señora Canals", "Self-Portrait", "Portrait of Jaime Sabartes", "The end of the Number", "Science and Charity", "Las Meninas", "The Pigeons", and "The Painter and the Model".

# Bukovsky appeal for Moscow Olympics ban

From Our Correspondent, Berlin, Aug 20

It is the dissident writer called today for the 1980 Olympic Games to be removed from Moscow.

In an article in the newspaper Welt am Sonntag he said: "If the 1980 Games take place in Moscow it will be assumed that public opinion in the West supports the Soviet penal system."

Mr. Bukovsky was released from a Soviet labour camp in exchange for Señor Luis Corvalan, the Chilean communist leader, who now lives in Britain.

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# Prisoners of conscience



# Czechoslovakia: Charter 77 victims

By Clifford Longley

Ten years after the Soviet invasion of Czechoslovakia, which started just before midnight on August 20, 1968, it is appropriate to recall the names of 37 Czechoslovak citizens who are at present suffering for the cause of human rights under their banner, Charter 77. They are:

- Serving sentences
- Jiri Tlustak, 37, journalist, 10 years' imprisonment.
  - Ales Maslana, 32, agronomist, 3 years for distributing literature and Charter documents.
  - Vladimír Lasutka, 35, nuclear physicist, 21 years for distributing literature and Charter documents.
  - Miloslav Cerny, 48, worker, three years for allegedly making and distributing posters supporting Charter 77.
  - Frantisek Pitor, 37, worker, three years for distribution of Charter documents.
  - Ales Brezina, 30, former student of theological faculty, Charter signatory, 1 year for being a conscientious objector.
  - Ivan Jirous, 34, art historian, 18 months for allegedly inciting remarks at an art exhibition.
  - Director of the Plastic People's rock group, signatory of the Charter. This is his third time in prison.
  - Gustav Vlasaty, 48, worker, 20 months.
  - Miloslav Lajtek, 29, worker, 15 months for distributing Charter documents in the Army.
  - Peter Pohl, scientist, 20 months, Charter signatory.
  - Michal Turek, 21, worker, 18 months, arrested in connection with a clash with police at a folk concert in Kody, southern Bohemia.
  - Jiri Krtik, 35, worker, 18 months, same as above.
  - Viktor Grib, 23, worker, 20 months, Charter signatory, same as above.
  - Ladislav Opava, 19, worker, 10 months, same as above.
  - Zdenek Cervenak, 20, worker, two years, same as above.
  - Vojtech Chloupek, 21, unemployed, one year, same as above.

In detention awaiting trial

- Petr Chlouba, 25, worker, detained since April this year, charged with incitement because he allegedly distributed and distributed underground music tapes.
- Vera Chubikova, his mother, same as above.
- Jiřina Chubikova, 23, librarian, same as above.
- Petr Pospisil, 18, printing apprentice, detained since May 3, same as above.
- Pavel Novak, 35, worker, detained since April 21, charged with subversion of the republic because he allegedly prepared and distributed leaflets and other written material.
- Josef Bryciba, 56, same as above.
- Michal Kobal, 30, worker, Charter signatory, detained since early February this year, charged with incitement because he allegedly distributed documents discussing the political situation in Czechoslovakia.
- Ivan Manasek, 23, student, Charter signatory, detained since February 24, charged with same reasons as Michal Kobal.
- Vojtech Vlasa, 36, former diplomat, in detention since last October for allegedly attempting to leave the country illegally.
- Robert Merganz, 50, technician, Charter signatory, in detention since January, charged with incitement because he allegedly distributed Charter documents.
- Jaroslav Dvornak, technician, Charter signatory, same as above.
- Zdenek Tesinsky, 50, former pilot, same as above.
- Vladav Novotny, 50, former journalist, same as above.
- Jan Simsa, 51, former clergyman, Charter signatory, in detention since May 30. Allegedly assaulted a police officer during a house search. Seriously ill.
- Frantisek Brabec, 28, worker, in detention since February 16, charged with subversion of the republic because he allegedly distributed political essays. Seriously ill.

# Spain to issue stamps of Picasso works

From Our Correspondent, Madrid, Aug 20

The first Spanish postage stamps to bear reproductions of the works of Pablo Picasso will go on sale next September.

All of the paintings selected for the series are in Spanish collections, the Madrid evening newspaper Informaciones reported yesterday.

The stamps will be in eight denominations ranging in value from 25 pesetas (2p to 18p). The eight paintings chosen for the series are: "Portrait of Señora Canals", "Self-Portrait", "Portrait of Jaime Sabartes", "The end of the Number", "Science and Charity", "Las Meninas", "The Pigeons", and "The Painter and the Model".

# Religion & Freedom

An independent ecumenical monthly. August 1978

WCC and Africa

Can reconciliation be just?—South African theologians suggest that the end of apartheid is a precondition for reconciliation.

Spiritual Union

Children still taken from parents who teach them religion.

All faith and No Galters

Peter Hebblewhite on Britain Today and Tomorrow

Fidel Castro

How he handled the Church in Cuba.

Religious art

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Lord Chalfont

# Who is behind the violent unrest in Iran?

One of the interesting aspects of the phenomenon of political violence is the remarkable difference between the image and the reality. In recent weeks the image of Iran, as cast by the mass media, has been that of a country terrorized by rioting mobs and balanced precariously on the edge of chaos.

The reality is that, for those not directly involved in the violence, life has gone on very much as usual, even after the latest incident on Saturday when hundreds of people were killed or injured by saboteurs in a cinema in Abadan.

In Isfahan, the centre of the most spectacular manifestations, tourists have been visiting the Shah and Jam's mosques every day, and life at the Shah Abbas hotel proceeds much as though there was no rioting. The only irritation is the marginal inconvenience of running out of caravans, or losing a few degrees in the temperature of the swimming pool.

Teheran preserves an air of complete normality, which means that the driver of every motor vehicle behaves like an accident looking for somewhere to happen and the downtown air is hideous with the sound of the horns, which Iranian drivers tend to use in circumstances which in any other country would indicate the application of brakes. Meanwhile in the Hilton hotel on the cool heights of Shemiran the oriental dancer in the Persian Garden and a lively pop group in the Cascade restaurant continue to play to packed houses.

This is not to suggest that Iran has no problems. When there are bombs in restaurants, vandalized banks, martial law in a major city and rioters shot dead by the police, it is difficult to resist the conclusion that somebody, somewhere, is trying to convey a message to the authorities. The difficulty lies in establishing precisely what that message is.

There are, in Teheran, so many explanations for the current unrest that it is difficult to believe that some of them have not been invented by the editor of Punch. Manipulation by foreign agencies is not uncharacteristically a common feature of these theories. What is surprising is the identity of some of the putative villains.

One school of thought advances the curious proposition of a British conspiracy; however, on closer investigation it turns out that no one can provide any evidence, or even logical justification, for this bizarre theory. It seems to be a nostalgic legacy of the days when the British were so unpopular here that they were liable to be held responsible

for any mishap or adversity including a sudden change in the weather.

A more widely held belief is that the Americans, operating through everybody's favourite hazy man, the CIA, are engineering civil disruption in order to coerce the Shah into mending his ways and conforming more closely to President Carter's somewhat evangelistic conception of human rights.

The fact that the United States has at its disposal more sophisticated forms of economic and political persuasion is conveniently ignored.

What is clear beyond doubt is that someone outside Iran is closely involved in the organization of the civil disturbances. Arms and money are freely available to the leaders of the dissident groups; and the Iranian Government has traced some of the money back to numbered bank accounts in Switzerland. Here, predictably, the trail goes cold.

An analysis of anti-government propaganda literature by a foreign intelligence service in Iran (not the CIA) has led to strong suspicion of a Libyan involvement; and there is no doubt in the minds of most Iranian leaders that agents of the Soviet Union are losing no opportunity to exploit the situation. The basic long-standing fear of Soviet aggression and subversion has been heightened by recent strategic and political developments.

Iran has been watching with growing concern the extension of Russian influence in the Horn of Africa and in Afghanistan; and more than one Iranian politician has expressed the view that the recent outbreaks of violence may have been timed to create a political crisis to coincide with the forthcoming visit to Teheran of the Chairman of the People's Republic of China.

Whatever may be the extent of external manipulation, the roots of the current unrest lie in the political structure of Iran itself. After a long period of strictly autocratic rule, the Shah's first tentative steps towards liberalization have had something of the effect of opening the valve of a pressure cooker.

The steam has begun to escape as a people unaccustomed to freedom of political expression have started to express themselves with predictable and unbridled vigour. Their rallying point is Islam—more specifically the right wing mullahs, a powerful group of religious leaders whose views range from cautious orthodoxy to reactionary fanaticism. They openly voiced complaint concerns Iran's increasing links with the West, and what they see as the country's growing regard of Koranic law.



The Shah and Empress Farah: little optimism for the future.

Their Islamic susceptibilities are especially increased by the emergence of Iranian women into full participation in the social, professional and political life of the country. The most violent episodes of the recent unrest in Isfahan have taken place after religious gatherings in the mosques and homes of the religious leaders, and some of it has been anti-western in character.

In a country in which 75 per cent of the people are devout Moslems and in which, in spite of its educational development, 52 per cent are still illiterate, people like Ayatollah Musavi, one of Isfahan's most prominent religious leaders, begin to wield formidable power as the strong hand of the Shah's Government.

begins almost imperceptibly to relax its grip. When their religious campaigns are reinforced by popular resentment at ostentatious wealth and corruption in high places, the mixture is clearly an explosive one. There is a conviction among many of the Shah's closest advisers that the mullahs, whatever may be the sincerity of their religious preoccupations, are being manipulated by political extremists.

It is this belief which gives rise to the description now frequently used to describe the instigators of violent protest—"Islamic Marxists".

Here in Teheran there is little optimism about the immediate future. The Shah re-

iterates his determination to continue with his policy of gradual relaxation. His conception is one of political education of a population which he insists is not yet ready—even if it may one day—free democracy on the Westminster pattern.

In pursuit of this policy he has announced that the next general elections in Iran, to be held next June, will be free elections. This means, in theory, that anyone will be able to stand for membership of the Majlis and to campaign freely.

The very announcement, however, carries within it the seeds of further disruption.

If the Shah were to allow the elections to be genuinely free, on the pluralist lines of

western-style democracy, the result would almost certainly be the entry into open Iranian politics of people who are bitterly opposed to his rule, including a substantial number of communists. As he is unlikely to expose himself, or his country, to this risk, he will inevitably lay himself open to the accusation that his free elections are not free at all.

This tense and fragile situation is likely to deteriorate still further when the university term starts in September.

It is not too extreme to say that the future of Iran will be in the balance in the coming months. The next major flash-point will, in fact, come later this month, when, from August 24 to 26, Iran will commemorate the martyrdom of Imam Ali, founder of the Shi'ite branch of the Moslem faith. This occasion, at any time one of profound religious intensity, is unlikely to pass without further violent demonstrations, and the security forces have instructions to deal with them promptly and firmly.

It is in this kind of polarization between the government and organized religion, exploited for political ends, that the worst dangers lie. One of Iran's most sophisticated political thinkers expressed to me a fear which probably exists unspoken in the minds of many of his countrymen. If, he said, the reaction to the Shah's liberalization programme is one of violence, subversion and revolt, there is a very real possibility that the whole process might be thrown suddenly into reverse, with the suspension of those democratic processes which now exist, and the establishment of an outright military regime.

This, to the new generation of politicians and bureaucrats growing up under the guidance of men like Jamsid Amouzegar, Iran's progressive and intellectually distinguished Prime Minister, is a more vivid fear than that posed by the possibility of bloody revolution.

The police and the armed forces are, in any case, totally loyal to the monarchy and central government, and are dealing with the sort of internal security threat posed by the fragmented and unorganized dissidents; and it is significant that the young man who raised the spectre of a military dictatorship added that there was only one thing he feared more—the disappearance of the Shah.

© Times Newspapers Ltd, 1978

In my column on August 7 I made an error in transmission led me to refer to "midnight GMT" when I meant, of course, "midnight GMT". I apologise for this error and this may have caused.

## Inside Soweto's 'disease palace'

"Calling Zebra one, calling Zebra two, please to Dr Diehl's clinic." The voice crackled over the short-wave radio ordering an ambulance to collect a patient from one of the eight community health clinics in Soweto, the huge black township outside Johannesburg.

Within a few minutes the ambulance had arrived and the patient was on her way to Baragwanath general hospital, about two miles away.

Baragwanath is the only hospital in Soweto. Its 2,600 beds serve a township population which is in excess of one million. In fact its potential catchment area is far greater as patients sometimes come from as far afield as Swaziland and Botswana to receive treatment from some of Baragwanath's specialist departments which their own local health services do not possess.

In the 30 years since its establishment Baragwanath has won a reputation of being one of the rare apartheid institutions which is accepted by the local black population. Under South Africa's race laws the hospital is meant to serve only the black community (although Indians, Coloureds and even occasional whites are sometimes treated there). But unpopularity for political ends, the housing, the medical treatment provided at Baragwanath is not second or third class.

"I think you could say that the treatment patients receive here is comparable to the white general hospital in Johannesburg," said Dr Christo van den Heever, the deputy superintendent. "We can offer a full range of specialist services except for nuclear medicine, which is too expensive, although it is available in Johannesburg. In fact, we have some facilities here, such as a total body scanner and an automatic chest X-ray unit, which are not yet available at white hospitals in the Transvaal."

Some of the doctors working there do not entirely agree with Dr van den Heever's assessment. "There's no doubt that the treatment is good, particularly for patients who are seriously ill," one said. "But it could be even better if the authorities were prepared to spend the same amount on black health care as they do for whites." The same point was made by another doctor who said that Baragwanath maintained "good standards on a shoe string."

Baragwanath is a place about which superlatives abound. It is the biggest black hospital in Africa. It has the biggest nursing school in Africa, producing 1,200 nurses a year. (Baragwanath nurses enjoy the highest social status among black women in Soweto). It is also a clinician's paradise, "a disease palace" as one doctor described it. "You can see a greater variety of diseases here to a short time than anywhere else in the world," Dr van den Heever said. It is largely for this reason that the hospital attracts doctors from as far afield as Britain, France, Iran and the United States.

The hospital has a staff of 7,000, including 450 doctors (of whom about 80 are black, Coloured or Indian) and 3,700 nurses. Virtually all the nursing staff is black except for 20 white matrons, out of a total of 51 matrons. Although black and white staff mix easily at work, the country's race laws mean that their eating and sleeping quarters are segregated.

More seriously, black doctors earn less than their white counterparts with similar qualifications. "We have to live on our hands," Dr van den Heever said.

Like many hospitals in the United Kingdom, Baragwanath has become overcrowded as it has developed over the years so that it now looks like an untidy maze of buildings, courtyards and external corridors stretching along the main road leading to Soweto. It began life as a British Army hospital in the last war and was transformed into a hospital for blacks in 1948. The original army buildings are still in existence and are used mainly as surgical wards. They are soon to be replaced by four new 13-storey ward blocks.

In an average week the hospital treats more than 1.1 million patients and 85,000 ward cases, more than any other hospital in South Africa. It is a department that can deal with anything

from open heart surgery to cancer surgery, at one of the specialist clinics and infant day camps.

One of the largest sections of the maternity wing with beds. About 25,000 babies are born in Baragwanath's eight satellite clinics each. The hospital handles 20 complicated cases as the only one equipped to carry out normal births.

The pride of the hospital is its 36-bed intensive care unit which is fitted out with all the modern equipment to be found anywhere in the world. The unit performs an average of nine operations a week and with emergencies such as stabbed hearts as a matter of routine. "Overseas they call in the head of a patient to operate on a patient with a stabbed heart. Here we surgeons give it to us," the black matron in charge of the unit, Mrs E. Maso, said.

Much of the unit's time is spent trying to patch up victims of Soweto's violence. There are about 50 assaults in Soweto each week as well as traffic accidents. Friday Saturday night, at the end of the day's heavy drinking, is hospital's busiest time as wounds, lacerations, broken bones are rushed in for treatment.

Complaints are some made that, good though hospital's treatment is, it is even better if black patients are given a fair share of the nation's health. There is undoubtedly truth in this, particularly Baragwanath is compared to the Jewish New York hospital for which it is justly famous. In fact, which has only 2,000 beds, an occupancy rate which is lower than Baragwanath's annual budget which is a million pounds.

Dr van den Heever maintained that while it was useful to have money, "no budget is enough"—he felt that on the whole the Transvaal province was making a generous provision for its black population. Running costs amounting more than £15m last year, he said, were mostly from Transvaal province, balance came from fees by patients who are charged for each visit to a maximum of sterling three a month.

Perhaps a more serious point is that some of the departments are seriously overcrowded. A ward occupied by 100 patients, which means that additional mattresses have to be squeezed into wards or patients' stretchers.

All patients are seen by the primary health care nurses, who have replaced white doctors who were drawn from Soweto after June 1976 unrest. These nurses are trained to diagnose and treat such ailments as colds, flu, diarrhoea, pneumonia and to dispense certain medicines. Cases which the nurses feel they are not competent to deal with are referred to a doctor of whom there is at least one at each clinic.

The primary health care system has two big advantages. First, it relieves pressure on Baragwanath's 85 per cent of patients attending the clinic are treated by the nurses, in less than 5 per cent of cases do the resident doctors find it necessary to perform surgery.

Second, by being situated in the middle of the township they serve the clinics better part of the local scene which is as much a community as it is a health centre. This means that patients are more likely to go to the clinics when they start to feel ill rather than waiting until their complaint becomes more serious and going to the main hospital.

community aspect also states that the prevention of health care, as well as education.

The clinic at Diepkloof, even started its own vegetable garden to show people they can grow at home. It is a small but it is a most fundamental level.

Nicholas Ashby

Raymond Fletcher

## Left, right and centre, we all want to lay Stalin's ghost

Does it really matter to anyone outside the dwindling ranks of the British Communist Party whether Nikolai Ivanovich Bukharin, who was judicially murdered in the Soviet Union 40 years ago, is rehabilitated or not? First thoughts suggest that it does not.

Bukharin, after all, was not the most eminent or the most courageous of Stalin's victims. He had collaborated with his subsequent murderer after Lenin's death, despite the revolutionary leader's final warnings of what Stalin was up to and capable of. His conduct during the trials of Kamenyev and Zinoviev was hardly heroic; and, well before the end, he capitulated to Stalin in the most abject terms.

Yet unnatural conditions breed unnatural conduct; and the Bukharin who was held in respect and affection by such different people as Lenin and Arthur Ransome was certainly not a nonentity. The very ferocity of some of Trotsky's attacks on him testify to that.

So the rehabilitation of Bukharin, the subject of a short book by Mr Ken Coates (*The Case of Nikolai Bukharin*, Spokesman £1.25) matters, because the truth matters, however far back in time it was distorted. Of the 22 members of

the central committee which led the Russian Revolution of 1917, only five died natural deaths. The remaining 17 were shot, to use the terminology of Stalinism, as "enemies of the people," fascist agents, counter-revolutionaries and agents of imperialism.

Many of these strange creatures, to take the description at its face value as did such learned foreign idiots as the Webbs, have since had the mud cleaned from them. Kresinsky and Tuchachevsky, for instance, are no longer in the records as having plotted with the Nazis and the group who were found guilty of murdering Maxim Gorky (among other crimes) are now admitted to have been innocent and to have been tortured into making the most bizarre confessions ever heard in theatre, let alone a rigged court.

Why, then, the determined effort to forget that Bukharin ever existed? Four old Bolsheviks wrote to the 22nd Party Congress in 1962, protesting the innocence of Bukharin given to the Conference of Historians in 1962 by a member of the then central committee of the party—a lecture reported in the press, and asking for rehabilitation. They received no

answer. Nor did Bukharin's own son, Yuri Lario.

Everybody on the present politbureau, from Mr Brezhnev downwards, knows that the so-called criminals of the 1930s purges were not guilty of the crimes for which they were executed. All of them lived on, much to the fear of Stalin as they rose in the bureaucracy not to fear another Red Tsar. What do they have to worry about therefore in the admission of a bit of truth four decades old when so much of the whole truth of those terrible times is already in the Soviet equivalent of the public domain?

A good deal of the answer, it seems to me, lies in two of the appendices to Mr Coates's book. The first is by the famous biochemist, Zhores Medvedev, now working in London. Khushchev, it appears, was prepared to rehabilitate all the victims after seeing a play in which a meeting between Lenin, Trotsky and Bukharin was not shown, though apparently crucial to the action. Why the dejection, Khushchev wanted to know. Because we cannot portray unrehabilitated people, replied the embarrassed playwright, Shostakov.

There followed a special mission to clean the historical

record. Even Suslov eventually went along with this. Then came Thorez, the despicable French Communist leader, who whined that his party had lost half its members after Khushchev had posthumously demolished Stalin and asked for rehabilitation to be done so to speak, on the instalment system. Khushchev was talked into this; but, according to Medvedev, regretted it for the rest of his powerless life.

The fact that the process of de-Stalinization was halted by what I can rightly denounce as foreign interference in the internal affairs of the Soviet Union adds to the acid contempt I have always felt for those who given the privilege of living in countries where enquiry was free and information available, abused themselves before a self-created God and laid like bread backs about the demi-paradise he had created in Russia.

Older readers will remember that the allegations which cropped out there, coming back with reports which even a cursory study of official statistics revealed as fabrications from the first page to the last. The late D. N. Pritt was an almost perfect specimen, reporting in 1950 that "Soviet citizens pre-

ferred butter to margarine, and could afford a good deal of it—many times our ration."

In a pamphlet I wrote in 1953, which no left-wing publication in Britain bothered to review, I pointed out that the actual output of huter in the Soviet Union in 1950 was 4th per head. In Britain we consumed 15th per head. When people like Pritt were merely polluting the British political scene they were nothing and got nowhere. But now that we have some evidence that these foreign Stalinists were doing something more than slog, I am tempted to the mighty leader, they seem even more malignant than I thought.

The Italians were never as tainted with Stalinism as other parties. In Mr Coates's second appendix the formidable Paolo Spriano widens the significance of the Bukharin case. "If today we are fighting for Bukharin," he states in an interview taken from *La Repubblica*, "tomorrow we shall fight for Trotsky."

Bukharin, in fact, almost forgotten until his son appealed for his rehabilitation to his proper place in history, is now a symbol for the Eurocommunists. But it must not be assumed that he is a symbol with a Nato flag wrapped round him and aimed at the Soviet Union. The Eurocommunists are going in change

## LEAPMAN IN AMERICA

New readers start here: Last week I began a description of my epic two thousand mile journey, with my wife and son, through part of the West. The first instalment ended at the Grand Canyon.

Since there is no way of driving across the canyon, to head south from the north rim you first have to drive due north, then east across the desert to Flagstaff, Arizona. Once you descend from the high canyon rim the green quickly disappears from the brown and dusty landscape and the heat dries in.

It is desolate, largely uninhabited country and we had a job finding a place to stay the night between the canyon and Flagstaff. We hit on a settlement by the Colorado River called Marble Canyon, which consists of not much more than a small motel, a general store and a petrol station.

Even these isolated spots in the West, though, are not deprived of amenities. The motel cafe doubles as a bar where locals indulge in horseplay like in film portrayals of western saloons, though without guns.

We were able to eat a decent steak at roughly half the price we would have paid in New York, and to choose from a sensible and cheap wine list. At the next table, some of the French tourists who had washed up at the same resting place (we met a lot of French visitors during our tour) were having the mysteries of "hash browns" (browned flakes of potatoes) explained to them by a not too skilled linguist.

Marble Canyon is on the edge of a large Navajo Indian reservation. Driving through it makes it hard to resist the impression that the Indians were not granted the most desirable locations.

It looks bleak and largely infertile. From the road, the chief evidence of Indian occupation is in the roadside stalls, shaded with skimpy bits of cloth to keep out the baking sun. There, the Indians sell their hand-made jewellery—an ironic reversal of the position when the white men first came to these parts, reputedly bearing coloured beads for the natives.

Apart from that, there is some poor-seeming agriculture. We saw the odd flock of sheep, tended by Navajo shepherds riding horses. Just off the road to Flagstaff are sites which bear witness to an earlier age of Indian occupation. The guidebooks call them prehistoric although they are as recent as the eleventh and twelfth centuries—a reminder that American written history began much later than ours.

The sites consist of the foundations and part of the walls of stone buildings, some built into the sides of cliffs. Many have not been completely excavated: American archaeologists clearly prefer to work in the more glamorous locations in Europe and Asia. But ruins are interesting in that they show that even these early Americans, like those who came later, preferred to live in apartment houses rather than in individual huts, mainly for reasons of security.

The sites are well cared for by the Federal or State authorities. At most of them, visitors can buy, for 15 cents, a guide book which takes them round, explaining the significant features.

The guide books also give detailed descriptions of the trees and shrubs growing on the sites. In Arizona we detected a surprising but pleasing obsession in the authorities with the varied nature of their greenery.

Signs by the roads tell you when you are passing from one kind of vegetation to another—from Poodrova pines to desert plants and the like. It is a touching idea, but we were to wish that as much effort had been put into erecting signs telling us where the way to go. While the main roads were well signposted, once we left them we were effectively on our own. Roads which began promisingly enough petered out to dirt tracks, and once we had to drive through an alarmingly deep ford to avoid retracing our tracks several miles.

Asking the way was hardly feasible because there were precious few people about. We came across an Indian lad on a horse and asked for directions. First he pointed to the sky as if suggesting we seek guidance from a higher authority. As far as we could make out, he was giving us the Indian version of the classic



vocal joke: "If I was going there I wouldn't start from here in the first place."

In the hills beyond Flagstaff we came across Jerome, an old copper mining town, much of it now abandoned, which was named after Sir Winston Churchill's maternal grandfather. (The town later fell into the

hands of the Douglas family, one of whose sons was a post-war ambassador to Britain.) Pressing further south, we hit the real Arizona Desert around Wickenburg. This is another town that looks a lot like a western film set. The saddle and jeans shop on main street sells T-shirts which pose the relevant question: "Where the hell is Wickenburg?"

We could tell this was the real desert because we glimpsed our first saguaro cactuses—those monstrous plants, some more than 100 years old and standing up to 15 feet high—beside which it is traditional to be photographed to prove you have really been there.

By the time we crossed the state line into California we had left most of the saguaros behind us, though apart from that the landscape and the temperature hardly changed. It was too hot to tour properly the Joshua Tree National Monument, a preserved area of desert vegetation, though we enjoyed the clump of palm trees near the entrance bearing the explicit one-word label "Oasis". Our night stop here was at

Indio, which turns out to have the unexpected distinction of growing 90 per cent of America's dates. Several date plantations are open to the public and one of them shows a promotional film with a comedian on title: "The sex life of the date".

It was chiefly notable for chauvinistic insinuations about the lack of hygiene in date culture in such benighted parts of the world as North Africa. As for the sex life, it is cumbersome: each palm must be fertilized individually.

California has a number of these highly localized industries. Later on our trip we were to find ourselves at Pomona, which boasts of growing half the flower seeds in America. It is startlingly spectacular, with endless fields of brightly-coloured flowers, like Holland at tulip time.

From Indio we drove through Palm Springs, the winter resort whose character can be discerned from the fact that it names its streets after Frank Sinatra and the like. By now we were within striking distance of the coast, and of the California known from

films and books as the rest of the easy life.

The key to the California life-style is the avoidance of unnecessary effort. We spent an afternoon's fishing, pond and lake, and I had a decently stocked with it. We wanted a rod and bait found that, even for an inexperienced fisherfolk like us was impossible to avoid catching something. Fishing will

tears. A curtain of smoke hangs over the coastal hills, the air is thick with smog. After so much travel, it was a pleasant surprise to find a place where the air was so clean. We wanted to find our first, Angeles station.

Evidence that we were entering a cosmopolitan came in the radio advertisements for the fancy restaurants, including one which boasted the qualities of "our master chef". At the time we thought this was a linguistic error, then we thought maybe not when we saw the chef's name was after all, Hollywood. We invented the concept of masculinity. These things matter there.



# SCOTLAND

a Special Report

## Clearing banks rise to the occasion

by Ronald Pullen

Enterprise Board in that it exists to provide equity and loan funds to companies which cannot find these facilities elsewhere. But with a statutory financial provision of only £300m, of which £100m is likely to be available for immediate investment and the rest for future expansion, the SDA can be at best a catalyst for modernizing Scottish industry and encouraging small firms and is in no sense a substitute for a responsive banking system.

The Scottish clearing banks have as proud a past and as thorough a pedigree as their counterparts south of the border. They jealously guard their independence—such as in the issue of their own bank notes—from the rest of the United Kingdom banks, while at the same time accepting that they are part and parcel of the system for control purposes.

They have also shown themselves to have a remarkably keen nose for danger. The last banking failure was 100 years ago and the Scottish clearing banks largely managed to keep clear of the second world war banking crisis that engulfed the London financial community.

Over the years as well the Scottish banks have proved themselves to be particularly adaptable to the special

needs of the local economy. In their evidence to the Wilson committee on the working of the financial system much play was made of the fact that normal banking criteria were cast to the wind at times when there was a recognizable need to promote employment in isolated communities. In the farming area, too, the banks have developed specialized departments in order to be better equipped to service the requirements of this important sector of the local economy.

But it has been in North Sea oil financing that the Scottish clearing banks have shown their mettle, illustrating how the canny, conservative bankers of popular mythology can rise to the occasion.

After an admittedly wary start in the early 1970s when, to be fair, oil financing was something novel to the whole United Kingdom financial community, the Scottish clearing banks have played an important role in the provision of funds for North Sea oil development. Led by the Bank of Scotland, which drew on oil industry experience to establish a separate oil department, all the clearing banks have participated in syndicated loans for North Sea fields. Both the Bank of Scotland and the Royal Bank of Scotland and the Royal Bank of Scotland have representative offices in Houston, the oil capital

of the United States, to advise United States companies on what to expect in the North Sea.

The Bank of Scotland was also the prime mover behind the formation of the International Energy Bank, a consortium of banks specifically set up to invest in the North Sea and in which it retains a 15 per cent interest. Figures compiled for their evidence to the Wilson committee underline the Scottish clearing banks' commitment to the North Sea.

Loans and commitments to licensees account for almost a fifth of all the lending by Scottish and London clearing banks for the North Sea, whereas the share of the Scottish banks in terms of total assets is only about 7 per cent. And their share of loans to offshore suppliers is even higher, accounting for some 55 per cent of the £32m outstanding when the figures were put together two years ago.

The stimulus of the North Sea has also encouraged Scottish banks to become far more outward looking in recent years. For perhaps almost the first time the banks have had to service the needs of big companies located outside Scotland. This has led to a big expansion of their overseas business. Foreign currency

lending has grown from only £25m in 1972 to £775m by March this year and this now accounts for roughly a seventh of their balance sheet totals. Scottish clearing banks have also stepped up their direct involvement overseas.

Already results from the Scottish clearing banks seem to point to increasing pressure on domestic banking margins. In his annual statement as chairman of the Bank of Scotland, Lord Clydesmuir remarked that "the pressure on these corners to acquire business is such that in many instances unrealistic terms are quoted"; this narrows the normal profit margin which the indigenous banks can obtain from domestic business.

Provided the Scottish economy can develop characteristics of its own and not merely follow the trends of the United Kingdom economy at large there should be sufficient banking business around in the 1980s to provide everyone with a decent share. In the meantime the Scottish banks are likely to benefit hugely from their reorientation of their business towards the international sphere.

The author is Banking Correspondent, The Times.

## Oil overshadows vast energy resources

by John Wright

development of North Sea oil, gas and geothermal energy offer a vital chance of conserving the offshore reserves in the short term and of providing substitute hydrocarbons in the long term when oil runs out.

Since oil imports were costing more than £10m a day on the United Kingdom's balance of payments before domestic supplies began to flow, the obsession for wishing to exploit the offshore oilfields as quickly as possible scarcely needs explaining.

As the present Government and previous ones have been eager to tell us, Britain is better placed in the energy stakes than many others. The case can be

argued even more persuasively if attention is focused on Scotland, and particularly on electrical power generation. For the generating boards have a mixture of coal, oil, nuclear and hydro-power stations, offering the power engineer something close to an ideal combination of resources on which to make the most of this type of supply system.

In practice difficulties abound. The leak of seawater last October into one of the nuclear reactors at Humberston B power station, after its first few months of operation, has involved a big reconstruction job. The costs in repairs and use of alternative generating capacity is costing several million pounds. Some delay also seems inevitable in plans

for the largest pumped storage power station scheme in Europe to be built above Loch Lomond, upposite Tarbet.

When complete it should be the last piece in the jigsaw forming the strategy for electrical power generation to ensure Scotland's needs in the twenty-first century. However, the hydropower scheme has run into stern opposition on environmental grounds.

Nevertheless the idea is to extend a natural basin in the hills behind the eastern shore of the loch. Water would discharge through tunnels to drive turbines before emptying into the loch. The intention is to use the hydro-electric scheme in conjunction with a more conventional base load station built near the coastline. Instead of throwing away energy at off-peak times, electricity from the base-load station would be used to pump the water back up to the storage reservoir.

Some spectacular energy savings have been made by individual large organizations in the chemicals, steel, and paper industries with their own research and development groups seeking new methods of working. But there is comparable help for the vast number of medium and small firms which cannot boast large research teams, but which nevertheless face highly technical difficulties when it comes to energy conservation and fuel efficiency.

These are among the issues to which the National Engineering Laboratory at East Kilbride has increasingly turned its attention over the past few years. Whereas in one department of the laboratory research engineers have devised equipment to help to improve production and reliability of oil platforms and pipelines, other groups have discovered ways in which industry can cut down on the use of fuel.

One example of increasing efficiency in fuel use is by altering the design of a basic item of industrial equipment like heat exchangers that might be employed for industrial furnaces and the cooling of large turbines or process plant. An innovation from a National Engineering Laboratory team tackles two aspects of the development of heat exchangers simultaneously.

Imported heat exchangers cost the country more than £12m a year. There is a large margin for reducing costs in their manufacture, to beat competition, because the techniques of fabrication have been refined over many years. However, about 20 per cent of the cost of a heat exchanger lies in the design work, and it is in this task that cuts have been made

with computer-aided design methods.

An even more impressive gain, offering potential savings in certain of more than 100 million tons of coal equivalent a year, has been shown in another industrial project of the National Engineering Laboratory. It originated from an observation in a study of the government "chicken tank" four years ago that the use of electric motors and reduction gearboxes to drive machinery presents one of the grossest inefficiencies in industry. An investigation already in progress at East Kilbride had indicated an alternative power system for driving machinery in a vast number of plants.

It depends on a centralized hydraulic power supply, variable-speed drive, and equipment to control machinery that does not waste energy.

Although inventive genius is not a twentieth-century phenomenon for the Scots, the creation of a research laboratory at the United Kingdom Atomic Energy Authority's at Dounreay marks a change. Work began 20 years ago on the first experimental fast breeder reactor, which was a novel idea for an atomic power plant which could provide useful thermal energy from its core while at the same time converting a special blazer of non-fissile uranium into a new source of plutonium fuel, thus in about 10 years of operation providing the fuel for another reactor.

The Dounreay fast reactor yielded 60 megawatts of heat, and for 15 years fed about 14 megawatts of electricity from this station into the grid. It was finally pensioned off last year, having been superseded by the prototype fast reactor at Dounreay, intended as the forerunner to commercial power stations built on this principle.

That project is the commercial fast reactor (CFR) proposal for which a public inquiry has been promised. The construction of a 1,300 megawatt electrical CFR at Dounreay appears unlikely, largely because of the difficulties of linking it to the grid system that it would be intended to serve.

The main opposition, for which an inquiry has been demanded, is over the broader issues of safety, disposal of long-lived wastes, and the spread of plutonium connected with fast breeder reactors. Again these matters are international. But the geological investigations in Britain for possible sites for the ultimate disposal of highly active waste, cast in blocks of glass, have raised the wrath of local conservation groups when they have been extended to Scottish districts.

The author is Science Editor, The Times.

## Nation prepares to meet challenge of the 1980s

by Ronald Faux

Three questions are crucial for Scotland in the next decade. Can the derelict areas of the industrial west be revitalized? How big is North Sea oil and what impact remains to be felt in Scotland? Will the Scottish Assembly work and what chance is there of Scotland becoming independent?

Slowly but positively, Scotland is preparing for the scale of change the 1980s could bring. Steel and shipbuilding at the heart of west central Scotland are streamlining towards a high level of productive efficiency after heavy investment in new plant. Scotland can manufacture the high-quality, high-value steels and build the advanced technology ships for specialized requirements. The ability is there, the orders are not.

Investment is at last reported to be stirring within industry. How long term this could prove is being treated with some caution by managers since not all the economic forecasts are promising. The Scottish Development Agency has made a positive and coordinated start on the twin fronts of urban dereliction and the investment so urgently required in small and medium-scale industry.

The task is formidable with a serious loss of jobs threatened through rationalization in key employment areas. These include Slingers at Clydebank and British Steel, with perhaps Chrysler and British Shipbuilders to follow.

Order books at the oil yards are being dusted off as interest stirs again, and flowing down the line from the reawakening goes business for banks and engineering works, large service companies and small corner shops. There is positive evidence that Scottish oil skills have a value far beyond the North Sea as other countries develop and test their offshore resources. A further live hope is that new towns and factory estates will soon receive the next wave of interest from American electronics companies following the successful path of the last.

Much of this may be said of other traditionally industrial regions faced with government-assisted change. Where Scotland differs sharply is in its political dynamic and the pressure generated since 1974 by Scottish nationalism.

There was a time when Scots could complain with justified bitterness that Scottish affairs received scant attention in Westminster. Unwise would be the Scottish member of Parliament who suggested that now. The passage of the Scotland Bill has left a nationwide awareness of

the powerful feelings north of the border and the sense of Scotland as of being inadequately represented and unfairly visited by social and industrial ills.

Amid all the debate and attention centred on Scotland some English regions have coughed loudly and pointed out that they, too, have high unemployment, run-down industries, inner city decay and rural depopulation. At the same time they do not have a minister in the Cabinet, over-representation in Parliament or a proportionately larger slice of the kingdom's cake. Scotland, in other words, does not have a monopoly on the kind of misery which attracts government aid by the sackful.

The debate grew lively on both sides of the horse and the result is that Scotland is about to enter a new political era for which the foundation stone of devolution has emerged from the mason's yard in one piece but badly knocked about.

The Government has suffered some humiliating defeats during the course of the Bill and the campaigners against the proposals, who believe a Scottish Assembly would be the weapon to break up the unity of Britain, have succeeded in imposing some formidable conditions. The 40 per cent burden in the referendum could be a fearful obstacle and the Commons' last kick at the Bill in passing the so-called West Lothian amendment was a further sign that Parliament is far from happy about the long-term implications of the Bill.

The Labour Party has succeeded remarkably well in persuading Scotland that devolution is not merely an expedient answer to the rise of the Scottish Nationalist Party and that it earnestly believes an assembly is necessary to ease the work load of the Scottish Office and to provide a more democratic watch over the Scottish administration.

But the long debate has confirmed rather than converted the doubters. The nationalists support the Assembly not because they particularly believe in it but because they see it as a step towards the hallowed goal of independence. Moderate nationalists argue that the SNP should ensure that the Assembly works well in order to establish a better record for the party and for Scotland in matters of self administration.

The Hawks disagree. Such an orderly progression towards independence is highly unlikely, they believe. Supporting the Bill is merely playing into the Government's hands and places the SNP in the ambivalent position not only of appearing to support what they oppose but of approving the very institution which has cost

them a considerable number of votes.

There is little doubt that the SNP received many tactical votes in the early stages of devolution. In the referendum the nationalists have chosen to stand on this ground, preferring to campaign for an Assembly rather than accepting the tough approach of opposing devolution hook, line and high school.

The most surprising turn in Scottish politics has been the abrupt halt in support for the SNP. This happened during the Garscadden by-election and was as inexplicable to the nationalists as it was surprising to the Labour Party. Whether the platform rests as it is as arid as the Kalahari desert or whether it can resume its spectacular climb could depend upon the party resuming the role of singular Scottish voice in an argument dominated by Labour or Conservative.

The nationalists have shaken and refreshed Scottish politics in a way that they have not been stirred for perhaps two centuries. But it is debatable whether the SNP could push its support to more than one third of the Scottish vote on a platform of raw independence. Sadly, it must retain a ghoulish interest in the economy stagnating, the pound depreciating, inflation rising and dissatisfaction growing before it can expect its prospects to improve.

The Labour Party and the Tories and the SNP itself have brought the argument about nationalism to a sharp central focus: does Scotland want to be independent? Relatively few would say "yes" including many SNP voters. A separate Scottish state is the ambition of a minority, albeit a growing minority, of Scots, and so far the policies which have poured from the SNP have failed to help its appeal.

By the time of Garscadden and Hamilton and the Scottish regional elections, the economic outlook was brighter. Oil was pouring into the balance of payments from the North Sea and the need for a protest vote was diminishing.

Passengers from an apparently doomed ship may be persuaded to step on to an unknown island, but when the ship starts to float, regaining power and has an adroit captain the unknown option is less tempting. The irony is that North Sea oil, the very substance which gave credibility to the SNP, has been the chief instrument of the Government both regaining control of the economy and the political initiative in Scotland.

Even the trump card of unemployment has inexplicably failed to stir Scottish opinion against the Government. Ripples rather than waves of unrest were caused when more than 8 per cent and in pockets more than 20 per cent of the workforce became unproductive.

Helped by a substantial cushion of state benefits, unwillingness by the unions to rock the boat and quiet complicity that oil will prove a providential cushion for the country, Scotland has fallen into an odd limbo that will be broken perhaps by a general election in October or the Assembly referendum.

Only after these two events will even the short-term future become clear. If Labour is returned and the referendum produces a result respectably close to 40 per cent, we will then be examining the effectiveness of the Assembly, the calibrating of the assembly's interventions towards Scottish local government, the signs of friction between Edinburgh and Westminster, and watching the cost.

If the Conservatives win the election it is expected that a large question mark will appear, over the Scottish Assembly and devolution will return to a theoretical state particularly if the Tories hold a referendum and the response is lukewarm.

Tory support in Scotland improved at both the recent by-elections, and in the present Scottish mood the party could expect to win back seats lost to the SNP in 1974. Mrs Thatcher clearly believes that Scotland is important to a Conservative revival and is a frequent visitor, but a long climb lies ahead if the party is to enjoy the level of popularity it had in the 1950s.

It may be that Scots are in no mind for radical change, and that could be their message to the SNP. A Tory party with a manifesto of strong policies and a hostility towards the presently conceived Assembly may do well in England but less well in Scotland.

The Liberals remain in vogue with apparently little hope of improving their slim share of the vote or benefiting from the Lib-Lab pact, while the breakaway Scottish Labour Party has been committed by its early struggles to the role of conscientious objector. Nationalism will be the intriguing phenomenon to watch in Scotland over the next few years.

Only a few months ago the SNP was talking boldly of the next election being the "independence" election with 30 or more seats possibly falling to them and their mandate achieved. The about-turn happened and there was no more surprise or lost for an explanation than the Labour Party. For the first time in four years the SNP is considering the prospect of losses but neither the Tories nor the Labour Party are yet prepared to write the Nationalists off.

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by Ronald Faux

Promoting Scotland from split pin to factory estate has become in itself a large and competitive industry. There are more than a dozen organizations and agencies under the Scottish Development Department to individual local authorities, the five new towns, the Highlands and Islands Development Board, the Scottish Council (Development and Industry) and the Scottish Development Agency, all busily occupied in developing Scottish industry, promoting Scottish goods and companies around the world.

The largest, and the latest, industrial promoter is the Scottish Development Agency which was launched with a budget of £300m provided by the Government as

a novel vehicle for state intervention in industry. The SDA has been blessed with one of the most prolonged introductory periods in the history of such an organization.

Perhaps this is because under Mr Lewis Robertson, its chief executive, it has not rushed into precipitate investments; ideologically lame ducks are eschewed although a few have actually died on its hands in spite of the agency's life support system.

Yet from every political direction comes agreement that such a powerhouse is necessary for dealing with industrial ills and the environmental wounds which have lacerated west central Scotland. The Government seems proud of its creation, the Conservatives approve even though the SDA is an unmistakably state interven-

tionist body, the Scottish nationalists believe it is a step in the right direction but should have more money, the Liberals and the Scottish TUC are also in favour.

The SDA absorbed the Scottish Industrial Estates Corporation, the Small Industries Council for the Rural Areas of Scotland and the Scottish Office department dealing with derelict land. Can it ever become more than these organizations writ large or a dispensary for placebos? The SDA has a deep fund of good will to help it along but it was grandly born with almost a millstone of expectation around its neck.

The agency has not been boxed in by the size of its resources. So far it has committed about £20m to investments in about 35 companies

and some 50 other projects are in the pipeline. The initial crop of odd propositions seeking somewhere to roost has passed as the agency's scope became clear. This year investments could reach £40m, next year £60m and after that to as much as £100m. The total will exceed the £300m original budget which Mr Robertson regards as "a legislative tripwire" allowing Parliament to keep a watch on the agency's spending.

The five Scottish new towns, of which East Kilbride is the oldest, started in 1947, have chalked up 1,000 industrial companies between them, one to 10 of which came from overseas. Factory space measuring two million square metres provides a place of work for more than 55,000 people. The calculation is that one

in 20 Scotsmen now lives in a new town.

The pioneer of promotion north of the Border was the Scottish Council (Development and Industry), an independent organization which has arranged a long series of trade missions abroad and still sends them out all over the world at the rate of one a month.

The council is credited with having attracted to Scotland some 900 companies, about 200 of them from the United States, which now give work to some 12 per cent of the manufacturing labour force. They are spread between the new towns, the many industrial estates and local authority developments.

Precisely what Scotland has to offer incoming industry forms a long and complex list. Twenty per cent grants are available for

building and machinery, both of which may be written off at an accelerated rate against profits. Interest relief is available on money borrowed for capital requirements and if staff are recruited from London, removal expenses are paid and a £1,500 grant is payable for certain categories of workers. Overseas firms are sought after, so too, are British firms seeking to expand and a 25 per cent grant is available towards the cost of developing a new product.

Mr Lindsay Aitken, the industrial director, said one of the happiest promotional points the council could make was a visit to firms from overseas which had settled in Scotland years ago and were happy to say what an excellent place they found it. But was not Scotland being over-promoted abroad

and a beguiling line of the "businessmen" on state-assisted missions visiting the wide open spaces outside the doors of At can, Japanese or Chinese industrialists?

Not so, Mr Aitken declares. "To begin with there is definite upturn in interest particularly among American electronics firms which thinking of expanding in past few months we have two from Japan and a couple from the Continent with interest has been moving to Scotland. So as over-promotion is a term this is an extreme competitive sector and other areas will also be doing to attract these firms. The more that Scots makes a good impression on the welcome, better."

## Oil servicing

The importance of the offshore supplies industry to Scotland is reflected in an employment survey published recently in the Scottish Economic Bulletin. It showed that while oil-related industries directly employed only some 3 per cent of the Scottish workforce, about 12 per cent of the employees in key industries such as metal manufacturing and mechanical engineering were engaged on oil-related contracts.

It is generally estimated that Scottish-based firms employ more than half the 100,000 people who are involved in the offshore supplies industry through out Britain. Understandably, the bulk of the jobs are in the main offshore service areas like the Grampian region and the Highlands and Islands. But the spin-off to metal and engineering firms in central Scotland has not been insignificant.

Companies which have developed a reputation for supplying equipment and services to the oil operators can look forward to a buoyant period as a number of groups plan offshore developments. Government officials calculate that up to five new production platforms could be ordered during the next year or 18 months and determined efforts will be made to ensure that the bulk of the fabrication work is carried out in the United Kingdom.

Since the decision of Laing Offshore to stop competing for further orders for their yard at Graysburgh on Teesside, all the United Kingdom steel fabrication capacity is now located in Scotland. Highlands fabricators were fortunate within weeks of delivering the northern structure for the Fulmar field which will maintain employment at their Nigg yard until 1980.

The McDermott yard at Ardersier is completing a platform for export to Brazil and will go on to fabricate the structure for the Murchison oilfield. Meanwhile, management of the Methil yard in Fife has been re-organized as a result of the takeover by the British-Dutch partnership of Bedouin of Caldonian De Groot and has contracts which include parts for the Tartan oilfield jacket and the smaller satellite platform for the Fulmar field.

Another British-Dutch partnership has been formed between Howard/Dewar, who recently delivered the central platform for the Ninian field, and NAMPT International. Scottish firms have also been keeping an eye on technological developments which could change the pattern of offshore ordering. The Scott Lithgow shipbuilding group on the Lower Clyde is co-operating with a United States company in the design of a floating platform system which could offer the oil industry a less expensive means of developing marginal fields.

As well as the manufacturing opportunities created by the oilfield development programme, the maintenance and repair requirements of the oil operators will create a sizeable market for companies offering specialist engineering services.

There will also be substantial offshore construction contracts associated with oil and gas activity in Scotland during the next few years. Final planning clearance is awaited for the proposed gas fractionation unit at Moss Morraio in Fife and an associated tanker terminal at Dalgety Bay in the Firth of Forth.

Frank Frazer

Energy Correspondent,  
The Scotsman

Shipping

The Clyde shipyards have received huge levels of investment in recent years, making them as competitive as any in Europe. The £30m spent at Govan Shipbuilders has transformed the yard. Scott Lithgow added the capacity to build giant tankers to its impressive complex on the lower Clyde. The former John Brown yard at Clydebank turned from elegant liners to the grossly functional structures designed to search for oil. It has been profoundly disappointing that the capacity to build ships from super-tankers to plastic mine-sweepers with a new level

## Agriculture

The independent voice of Scottish agriculture is fully represented at Whitehall, in the Cabinet and in Brussels where most of the key decisions affecting British farming are now reached.

It is a situation which belies the belief among farmers that they do not get the same priority ranking from the politicians as, say, North Sea oil does.

Last year the value of output from Scottish farms reached an estimated £851m, an advance of 14 per cent on the 1976 level of £746m. As usual livestock and livestock products contributed the major part of these earnings—£534m.

The most significant increase in the value of livestock production was in sheep, which rose by 28 per cent to £7.4m. This is in line with the trend of recent years, thus helping to restore confidence in the hills and uplands, which account for about three quarters of Scotland's land mass.

The hills are also the reservoir for the lowland farmers' "raw materials". But even with the savings of series production, it is impossible in the present climate of orders to make shipbuilding pay.

At Scott Lithgow the new yard in which giant vessels could be built in sections for stitching together at the quayside was severely hampered by the slump in the tanker market. But this flexible facility, which does not rely on a conventional dock, could be used to diversify into building for the offshore oil industry.

R. F.

## Motor industry

The motor industry in Scotland largely dates from the early 1960s and was the result of government policy to direct new factories into areas of high unemployment. Two motor plants were built in Scotland, the Rootes (later Chrysler UK) car factory at Linwood, near Glasgow, and a Leyland truck facility at Bathgate in West Lothian.

Some 15 years later, the experiment of taking the industry away from its traditional roots can be judged only a moderate success. Linwood and Bathgate have given work to many thousands of people but at the cost of geographical remoteness and a volatile labour force which has taken easily to the disciplines of motor manufacture.

Linwood, in particular, has had a troubled history. The collapse of Chrysler UK, which led to the government rescue plan at the end of 1975, was partly attributed to the poor performance of Linwood. However, the injection of public money presented the opportunity for a fresh start.

Avenger production was moved up from Corevor and the new performance of the car, the Sunbeam, was coming off the Linwood lines.

But hopes of a more stable and productive era at Linwood were short lived and the Peugeot-Citroën plan to acquire Chrysler's European interests has fresh speculation about the future of the plant.

Bathgate, too, had its teething troubles, but in general progress has been more peaceful and production of medium and light trucks and tractors rose from 33,000 in 1976 to 38,000 last year, a target for 1978 is 44,000. Together with the Allison truck factory in Glasgow, which it acquired in the 1950s, Leyland's Scottish operation accounts for one in six of all the trucks sold in Britain and employs more than 9,000 people.

The company is spending £40m on streamlining the business so that the Allison plant will cease assembly and become a manufacturer of axles, gearboxes and other major components for Bathgate as well as other Leyland factories. At the same time, assembly capacity at Bathgate is being expanded with an extra 317,000 sq ft of space.

Peter Waymark

Motoring Correspondent,  
The Times

## Fishing

It may seem a small point taken against the wider political and conservation arguments that have resounded around the EEC lately, but along the Scottish coast there are hundreds of small communities totally dependent upon the fishing industry.

The 2,600 Scottish boats range from open lobster catchers that work on skill and instinct, to the deep-sea trawlers guided by the latest electronics. The investment has been huge and the shore-based processing industry backing up the boats adds many thousands more livelihoods to the dependence upon fish.

With no herring fishing, increasing pressure on white fish stocks and the bitter wrangles within the EEC, there is sharp concern about the future among the fishermen. The Scottish Fishermen's Federation, representing the crews of about 1,000 boats, considers that the latest measures have been taken in panic. "The Government put politics before science. The EEC set the quota at 64,000 tonnes and the crews have been taken in panic. The Government put politics before science. The EEC set the quota at 64,000 tonnes and the crews have been taken in panic."

Aided by government incentives the electronics companies to Scotland went against the worldwide trend in 1965 to 1975 and took on 1,000 new workers and saw exports increase to more than 75 per cent of output. New techniques have since substantially increased productivity and some of the major companies, IBM, Ferranti and Hughes Microelectronics among them, have been marked on new projects which will ensure the industry's continued growth.

However, there are threats to this growth. The first, a shortage of skilled workers at every level, is also being faced by the industry in other countries. The second threat is more serious and its removal depends on whether the industry in Scotland continues primarily as an assembler of components produced elsewhere or develops further as a component manufacturer.

There are encouraging signs that the latter course is being followed, with spectacular success being achieved by companies in circuit boards. National Semiconductors has broken through technological barriers at its Greenock plant, and shown that the production and export of such complex products can be achieved. National is the

first company to make four-inch silicon wafers. Production is coming on stream only a year after a fire which destroyed its plant.

The other great strength of the Scottish electronics industry is its diversity and density. Much of the credit for this goes to the Scottish Development Agency which has provided investment funds for companies such as MESL, which produces security and radar systems, and Diagnostic Sonar, which produces ultrasonic equipment for medical research and testing. MESL has been given full responsibility for the design and production of a self-generating centre for research.

Admittedly there are some research laboratories in the Scottish industry where the accents of the technicians owe more to Silicon Valley than to Glasgow, but many of the companies, although American owned, have achieved a high degree of autonomy and operate almost as separate companies.

A case in point is Burroughs, which made hundreds of reductions when it was taken over by the American company. The Scottish industry, however, has been given full responsibility for the design and production of a self-generating centre for research.

Admittedly there are some research laboratories in the Scottish industry where the accents of the technicians owe more to Silicon Valley than to Glasgow, but many of the companies, although American owned, have achieved a high degree of autonomy and operate almost as separate companies.

## Steel

The Scottish steel industry has become trapped in a logjam between world recession, a catastrophic level of loss and the necessity for de-laring workers redundant at a time when unemployment is already high.

The harsh facts of commercial life are steering the industry towards rationalization and the number of Scottish steelworkers has been reduced from 6,000 over the past four years to about 2,100. A large segment of west central Scotland relies totally on steel-making and the names of Motherwell, Bellshill, Glesgarnock and Craigmiles have the particular ring of that industry about them. The steel industry is little else there: remove the steelworks and you tear the heart out of the place.

Two immediate results for Scotland were foreshadowed in the Government's steel White Paper: the closure of the country's last open-hearth furnace at Glesgarnock, which produced metal at a very high cost, and the shelving of hopes for an integrated steel plant at Hunterston on the Clyde coast, simply because present expectations as to development could not be justified.

The corporation's proposals to the TUC and the local workforce are that steel-making should end at Glesgarnock and the works be reduced to producing narrow plate materials used in ship and bridge building.

These proposals are now under consideration but the social cost according to local calculations would be to reduce the Glesgarnock workforce from 1,000 to about 250, raising local unemployment towards 30 per cent. The Government is balancing the political implications of this against a loss at present calculated at £1,000 a minute.

The unions and the Scottish National Party, which has attacked the Government strongly for its policy on steel, are determined to press for a continuing high level of investment in the industry. But the commercial imperatives of reducing the loss have, in the unions' view, clearly triumphed over the political pressures to remain popular at a time when a general election could be approaching.

The corporation would claim that to be a cynical view and would point to the £440m investment in steel-making capacity that will ensure that Scottish plants produce 15 per cent of the corporation's total output, half as much again as the present figure.

The steel corporation insists that Scotland has been affected no more than the rest of Britain as modernization and slump have cut the workforce. The phase-out of obsolete plants under the 10-year strategy which began in 1973 is almost complete and there has been no suggestion that the development of the key Scottish works at Ravenscraig in Motherwell should be modified.

Redundancy deals for hundreds of steelworkers have been worth up to £10,000 a man, a generous cushion to soften the blow of unemployment. Ravenscraig's £230m modernization will mean a doubling of liquid steel capacity to 3,200,000 tonnes a year by the early 1980s.

Hunterston has received so far terminal and two direct reduction plants costing a total of £160m. Improvements to the tubes division at Imperial Works, Coatbridge, have cost £25m. The Dalzell plant, now the most modern heavy plate mill in the country, has re-

## Tourism

During a year in which H MacDiarmid has given warning against "Switzerlandisation", Scotland, Robin Macle has announced that tourism is one of the few growth sectors of the country's economy. This confirms poets and tourists, he claims, do indeed go hand in hand.

But the two pronouncements taken together, interestingly, they appear to sum up attitudes widely held in the North Sea oil industry.

R. F.

## Distilling

Not content with buying up the best malt whisky from Scotland it seems that the Japanese, and more especially the South Koreans, have now set a team of management "head hunters" to find whisky-blenzers and distillers who would attempt to duplicate the most famous of Scottish products in the Far East.

The threat of Far East sales being hit by imitation Scotch whisky is one which has existed for several years. Exports of whisky to Japan were down to £16.7m in the first five months of this year, but the industry as a whole is confident that it can restore sales in that area and, in any case, point out "Ben Fujiyama", or whatever the Japanese call their whisky, is nothing like the real thing.

Exports worldwide have risen 13.6 per cent so far this year in terms of volume and 22.5 per cent in value. The total was 40,000,000 gallons worth £232.8m. Blended Scotch in bottle is still the largest seller with exports in the first five months of this year totalling 27,100,000 gallons worth £197.6m.

The fastest-growing sector is the export of malt whisky in bulk which is up 30 per cent in volume and 39 per cent in value to 4,100,000 gallons, worth £114m. This export in bulk has caused considerable controversy in the industry. The producers say that the sale of bulk whisky is a loss of jobs as well as whisky being sent overseas.

This insistence of the producers to take every sales advantage they can largely stems from the shock that the industry suffered in 1975 and 1976 when, after a production peak of 180 million gallons had been achieved in 1974, sales dropped dramatically. Investment plans were temporarily shelved and the industry's self-confidence was shaken.

However, in the past 20 months sales have improved considerably and the industry has been remarkably successful in controlling its costs. Wages have been contained within overall targets, there has been considerable success in energy saving and previously wasted by-products have been used as cattle feed.

The Scottish brewing industry, although largely owned and operated by the national brewers, operates quite differently. Unlike brewers south of the border where in Scotland have limited trade and at times of industrial trouble this has had a serious effect on sales, it takes some time before customer loyalty is rebuilt.

Scotland is where the British lager boom started and the proportion of lager to other draught beer produced and drunk is still considerably higher north of the border. Lager brewing demands massive capital investment and the success of the Scottish breweries here is nothing short of remarkable.

## COME ON! THE WATER COLD..

The temperature may be hot but the heat is on for oil and gas recovery from the North Sea. Offshore work demands a rate back up and here in the Grampian Region of Scotland where it is found.

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## Shetland: the outstanding success story

Alan Hamilton

As taken as no small thing in the Shetland Islands, the Shetland Islands Council, which was set up in 1975, has been a success story. It has been the first of its kind in Scotland, and its success is a testament to the islanders' determination to improve their own lives.

assumed all the former powers of the county council, and a fair measure of the responsibilities of the former local councils. The second tier of the new structure, the district council, is left with housing as its only major responsibility, together with such menial tasks as emptying rubbish bins and mending the street lights.

Should Scotland achieve its ambition of an Assembly in Edinburgh, the country is in grave danger of being over-governed, a fact which has not escaped the notice of the Scottish Nationalists. Their proposal to abolish the regional councils should they ever achieve the balance of power in Edinburgh.

But the new authorities have had their successes too. To the Edinburgh area, for instance, Lothian Region has started work on the only one of countless plans for a city road which makes any sense; it avoids the city entirely. And the regional council has also embarked on an ambitious environmental programme to remove some of the tips and other scars of the area's derelict mining industry.

But it is the island council, and Shetland in particular, that appear to be making the new form of government work best. They are different in that there is no winter structure; one authority assumes all local responsibilities, and in the case of the Western Isles, at least, it means that they are freed from the need to deal with a remote and not always interested county council in Inverness.

Shetland has always been a county in its own right, but its affairs are now concentrated in one body, the islands council. One hundred and thirty miles north of the Scottish mainland, almost halfway between Edinburgh and the Arctic Circle, the northernmost British county lies low in the tossing seas as though crouching beneath the fearsome winter gales. When a Shetlander boards the St Clair ferry for Aberdeen or talks of going, not to the mainland, but to Scotland, he is talking of going to a different world.

Most of the islanders' objections to participation in a future Scottish Assembly have now been dropped, but they have won the concession that any future legislation emanating from Edinburgh will exclude Shetland if the occasion demands.

## Islanders claim fare policies unfair

raoport planner faces challenge north of the Great Glen. With half the population concentrated around the A9, and the rest scattered out in communities often remote and isolated, the challenge is to provide a transport system which is both efficient and economical.

road north, the A9 to Inverness, remains frustratingly blocked, especially in the winter months. The A74 south is barely up to standard for the weight of traffic using it and is the reason for campaigns to improve the "killer" road.

which make island life far more secure and tolerable. In the Western Isles the service uses the beach on the caravan season. The Barra so that flights are disrupted by the tide. Aircraft land and take off in clouds of sea spray en route for either Glasgow or up the loch island in Benbecula and Stornoway.

The service began when the Orkney Islands Shipping Company agreed to pay Loganair to run passengers between the islands rather than replace the Earl Thorfinn and Earl Sigurd. These elderly vessels retired. The theory that an aircraft with water under its wings would make a poor landing was proved correct, and the islanders climb into an aircraft with as little concern as they would step into a boat.

Some 135,000 passengers have been carried including peripatetic teachers to their pupils, councillors to meetings, businessmen to clients, city folk in quiet holidays and patients to hospital. On more than 150 occasions the Orkney service has proved its value in an emergency and patients have been transferred to hospital in minutes, avoiding a possibly fatal journey of hours by land and sea.

Building costs may double when all the materials have to be brought in by ferry, shop prices are reckoned to be at least 10 per cent higher, and for some goods considerably more than the mainland levels, and the islanders are convinced that high ferry costs keep away the tourists. Equally, any

to force the Government to do something. There is one corner of the rural transport scene that has been a resounding success for all concerned and that is the Scottish post bus system. More than 2,500 miles of the loneliest roads in Scotland are now served by a mail van that can carry passengers. The system has proved remarkably successful. Over 100 post bus services have been introduced and each bus has yielded £500 a year profit.

## Land revolution by stealth

question of who actually owns Scotland has been a tender political subject in recent months. With the sale of thousands of acres reported to anonymous buyers, and with the bodies—notably the Lands and Islands Development Board—seeking to control over land, the traditional landowner has begun to wonder the several new pres-lead.

Mr A. F. Roney Douglas, federation director, says land acquisitions by overseas interests are far less of a threat to good land use than C.T.I. Foreign land buyers are reported to have acquired 250,000 acres of land in 1977, the proportion was small but even that was unimportant when compared to how the land was being used, how productively and efficiently it was being farmed.

An impression had been given, perhaps for strong political reasons, of Dutch-ness loaded with guilders and Arabs bearing unrefusable offers buying up huge tracts of Scotland and practically towing them away. Mr Roney Douglas pointed out that an estate could not be compared with a Vao Gogh and in any case it was hardly Britain's place to criticize foreigners for seeking to buy land abroad when historically Britain had owned land all over the world.

The strongest objection which the federation and the institutions had was over the Government's refusal to tax land management as a business, which it undoubtedly had to be so that earnings could be retained to plough back into the land. The mass of taxation was preventing many good land-owners from employing more people and trying out new ideas.

continued from facing page

In Scotland that tourism is a bit like fire. A good servant, a bad master, and something that charges madly across the landscape when there has not been much rain.

Now that we are poised to grasp the nettle, or this, and make this big industry bigger, it is comforting to feel that we are still able to question where it may take us. It would take a courageously misguided spokesman to give the view that tourism should be the biggest employer and money-spinner around there.

development will take place at the pace which ministers and planning organizations have hoped.

In its March survey of the industry's investment intentions, the CIA said that the companies which had responded to the survey planned to quadruple their spending in Scotland from the £50m in 1977 to £200m in 1980 and by that time Scotland could account for 20 per cent of the new investment undertaken by the industry compared with a level of 10 per cent in the first quarter of this year.

use of the spare capacity on the Glasgow Herald's new plant to produce a Scottish edition of 200,000 copies is now considering the construction of a new plant of its own, with the ability to print an entirely new Sunday paper, the Sun's proprietor, in Glasgow, would open a new front in the already fierce circulation war among the Scottish tabloids.

## Promoting industry becomes increasingly important

Anthony Troon  
The Scotsman

Earlier this year the Chemical Industries Association forecast that Scotland could double its share of the British chemical industry's expanding investment programme by 1980. The projection was much in line with the industry's own made against the background of ministerial statements of the emphasis which the Government was placing on capitalizing on the rich natural gas resources of the North Sea in downstream petrochemical manufacture.

### Chemicals

The chemical industry already has a substantial investment in Scotland with BP Chemicals' complex at Grangemouth an important element in the overall pattern of development. But the chemical industry has been badly hit by the worldwide recession and the marked slowdown in demand for many of the industry's products. The high annual growth rates which characterized the industry's performance of the 1960s have given way to more modest levels of growth. It is a trend which is likely to continue for some years.

### Printing

Scotland's thriving daily newspaper industry, already far in advance of Fleet Street in the employment of advanced printing technology, is poised for a fresh burst of intense competitive rivalry.

But the most commercially successful newspaper in Scotland, if not the world, is still being produced by the methods of Caxton. The Sunday Post, flagship of the patriarchal and secretive empire of D. C. Thomson of Dundee, is read by 80 per cent of the Scottish population, and has a substantial readership elsewhere in Britain and abroad.

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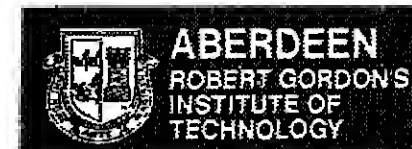


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THE SIGN OF SCOTLAND'S INDUSTRIAL GROWTH.



much should be expected  
short session of the United

much should be expected short session of the United Nations Conference on the Law of the Sea which starts in New York on 12 March. It is mainly the three of the eight weeks own for the session in the last spring were spent in the debate, of a procedural galactic kind, about the details of the conference's work. The five weeks that followed, however, brought a more credible and gratifying promise of the New York session attempt to keep up the momentum achieved.

The various bureaus of disagreement fluctuated over the years of serious talks since the Caracas conference of 1974. So often an issue thought intractable suddenly became amenable to settlement, others thought to be easily solved prove troublesome. The Geneva talks sensibly isolated specific issues on at the time, most couched to be done, and set negotiating groups to discuss them. The New York meeting followed the same pattern, and in the same way, with luck, drawn together early on at what is hoped will be the final working meeting of the conference. The formal opening of the new Law of the Sea Convention could, therefore, take place in late 1979 or, allowing for some slippage, in 1980. Of course, take several more for the Convention to

come into force and for the institutions created under it to be established.

Three of the seven negotiating groups deal with various aspects of deep-sea mining: the nature of the regime to be set up, the financial and contractual arrangements governing it, and the powers of council which is to run it. The last of these has given rise to a classic difference of opinion between the countries of the third world, which have insisted the money for the technology to conduct the mining be paid on a one-state one-vote system, have the power to control it, and the countries of the industrialized world, which have all the know-how and therefore demand a voice stronger than their numerical representation over decisions on mining operations. Broadly the same groups are in disagreement about the amount of finance that can be expected from the industrialized states, and especially from the United States, whose mining companies continue to wait for the go-ahead to start operating. Whether this comes from an agreement at the conference or by unilateral United States legislation.

Two of the other outstanding subjects under discussion are of particular concern to Britain. With the fish dispute within the European Community. On her bands already, Britain could have done without having to defend its interests against a pro-

posals for the... the should... for... states... land... issue... another... and the... margins... tends... bund... try w... exclu... where... beyond... jurist... on th... inter... it sho... tion... to se... sible... Br... reaction... national... same... ment... will... states... ference... Geneva... the v... mood... bridge... substa... the sa... to see... able v... object...

## THE UNSOLVED PROBLEM OF OVERSEAS CHINESE

to anger at Mr. Hua Kuo-Balkan tour is fairly lay by China's feelings over Vietnam's declared alliance for the Russians, to the point of joining last month, is plainly at China on the international level. But this conflict between China and Vietnam also has two other levels. There is regional competition arising from Vietnam's expansionist policies as a power in Southeast Asia. Some years back association with Cambodia was evidently intended to do this. Then at a third level, at the moment the Chinese have their most bitter feeling, is the country's treatment of the overseas Chinese community. So far negotiations at vice-foreign minister level to settle this dispute have not got much mutual abuse.

The crux of the argument is the Chinese claim that they are in no agreement with the present communist government of China whereby the Chinese community there could choose to adopt Vietnamese nationality or retain their present status, whereas in the year 1956, the Saigon government of Ngo Dinh Diem had offered the much larger Chinese community willy-nilly to take Vietnamese citizenship papers if they remained in the country. The Chinese are willing to reach agreement for the unified front but insist that the community should be allowed to choose. They are unwilling to recognize the imposition of the "reactionary" Diem government.

The Vietnamese seem to admit

these facts but imply that after twenty years this choice of nationality by the southern Chinese has become an "historical reality". There are other factors involved, of course, notably Vietnam's bland claim that they are only seeking to extinguish the money-making of the petty-bourgeoisie in the way that the Chinese had dealt with their own native capitalists; but since well over ninety per cent of those so classified are overseas Chinese this is dismissed as a sophism. Yet in so far as the argument is one over citizenship it embraces the plight of millions of Chinese scattered in all countries in South-east Asia.

With the withdrawal of colonial rule in the region in the nineteen-fifties the Chinese government was quick to see that some general policy towards these communities was required of them, especially as they were becoming subject to severe discrimination and often violence at the hands of newly-independent and aggressively nationalist governments. The Chinese could not accept them back in China, the majority of them having been settled for generations overseas. The only sensible solution was for them to become citizens of the country they knew and to adapt themselves to the new conditions. Since they were demonstrably an economic asset their accommodation as citizens ought to be possible.

So, in theory, it was. But the Chinese communities lived in their own quarters, clung to their language and culture and were commercially so successful as to be shopkeepers everywhere. This was enough to keep them alive. Moreover the condi-

tion of the Chinese in the Malay Peninsula was less than ideal. In the early days of independence the Chinese were treated as second-class citizens. In the late fifties and early sixties the Chinese were subjected to a series of anti-Chinese riots. In the mid-sixties the Chinese were again subjected to a series of anti-Chinese riots. In the late sixties and early seventies the Chinese were again subjected to a series of anti-Chinese riots. In the mid-seventies and early eighties the Chinese were again subjected to a series of anti-Chinese riots. In the late seventies and early eighties the Chinese were again subjected to a series of anti-Chinese riots. In the mid-eighties and early nineties the Chinese were again subjected to a series of anti-Chinese riots. In the late eighties and early nineties the Chinese were again subjected to a series of anti-Chinese riots. In the mid-nineties and early twenties the Chinese were again subjected to a series of anti-Chinese riots. 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## David Wood

# Memories made -what?

de more than Mr Callaghan of such general elegiacs as "Safety First—labour" or "Better the Devil than—Vote Labour" to provide conclusive illustration that psychological relationship of the "ate towards the Labour" and "the Conservative" has been round. Not many years ago first would have been a shy Conservative cry, an incohort or exhortation to the courtreturn to everything that is, to a known way of life all landmarks would be inly recognized, to the stewardship of familiar leaders who had a modest trust by their loss of governmental experience. The cry is raised by Conservatives today, to vote for Consism, if the psychology of statism means anything, is a choice, a vote for the less known if not the unknown, a against the status quo and ore in favour of risk.

or listened to almost any Conive speech and be sure it will change. Study the commentary policies in newspapers are sympathetic to the Conservative cause and you are, likely to be regarded as "radical", a word of political meaning these days nevertheless a word intended to set a new broom that will turn things upside down or inside

intellectual surrender of the case for Conservatism. First, though, let us consider how it comes about.

Above all, under Sir Harold Wilson and Mr Callaghan, Labour have been in the office for 10 out of the past 14 years, and Sir Harold's dream, freely explained when he became party leader in early 1963, to turn Labour into the natural party of government may be seen to have been on the way to fulfilment. In the aura of the two Labour leaders, full blooded socialism has ocr become the status quo, though undoubtedly Labour ministers and Labour policies have become better known by Conservatives, men and measures. Sir Harold now and then, and Mr Callaghan all the time, have created the electoral impression of safety first, and both in various ways have increased the number of voters who directly benefit from Labour policies.

Secondly, the Conservatives, who historically have never been generous to conserving party leaders whose policy of conservatism broke continuity by the overthrow of Mr Heath in favour of Mrs Thatcher. By doing that the Conservative Party, or rather the members of the 1925 Committee, have broken continuity for the years of power from 1970 to 1974 on the argument that they were false to the Conservatism they wanted.

That break in the Conservative record must be reckoned crucial. It is the Conservatism in action that will be most easily remembered, particularly by younger voters; and it is now their responsibility to reinvoice to those voters to reinvoice a distant Conservatism that fades to electoral memory. Moreover, the rejection of Mr Heath carried off the Front Bench a group of Conservatives known as the "Old Conservatives", who had the merit of immediate electoral recognition and provided the sense of safety that may bring to some voters.

Now let us deal with the risks of presenting the Conservative Party as the agent of radical change, a party of the status quo, a lot of known landmarks away and put something that cannot yet be clearly stated in their place. Anybody who knows the Labour Party, or who has

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## The organization of disaster relief

From Mrs E. V. S. Westmacott  
Sir, In 1973 I was in Durbé, oo a  
Mitchell Coats plantation in the  
Danakil Desert of Ethiopia. One  
day in a cloud of sand part of the  
Oxfam famine relief team arrived.  
They had their hair knotted and  
nearly confident smiles. I wanted  
to do something constructive for  
the famished community and thus  
worked for some weeks with them  
in the distribution of relief camp.  
There was a large number of  
charitable organizations represented.  
There was Oxfam, Save the Chil-  
dren, Sava the Aged, American  
Peace Corps, Germans, Australians,  
British, WHO and countless others.  
Their efforts were not coordinated  
and farcical situations occurred be-  
cause Europeans were acting in  
ways suitable in the western world  
unsuited to a country like  
Ethiopia.

I left the camp with a profound  
sense of privilege at having worked  
with such an international group;  
as composed as it was of individuals,  
with various exceptions dedi-  
cated, warm and caring people. But  
I was equally dismayed by the  
chaotic, sometimes counter pro-  
ductive, sometimes wasteful and almost  
tragic organization intra and inter  
groups, each of whom were laudably  
loyal to the cause.

If Dr Frances P'Souza is offer-  
ing to set up an organization to  
investigate needs of disaster vic-  
tims, to act as an information  
centre and liaison for all groups  
meeting on the site of the disaster  
and to coordinate famine disaster relief  
in more situation specific with regard  
to controlling conditions and, bet-  
ter organized, I'll gladly add a  
penny or two to her coffers.

Yours faithfully,  
E. V. S. WESTMACOTT,  
E. V. S. Foresters,  
Lislogon,  
Nr Alton,  
Hampshire,  
August 16.

those areas of the Sahel  
threatened by famine  
tainly takes seriously  
the IDI is attempto

It is, however, only for  
some of the caveats  
Caroline Moorehead  
plotted two of the  
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From the *Director-General of Oxfam*

Sir, Caroline Moorehead's article in *the Observer* (August 19) has been a publicity towards the efforts of voluntary agencies like Oxfam in responding to a wide variety of emergencies all over the world, and of the International Disaster Institute's (IDI) aspirations to be the centre in disaster planning and evaluation.

We are concerned that, because of its generalizations, the article left the reader with the impression that the IDI has no links with the agencies. To the case of Oxfam this is particularly true. Our Director, Sir John, the Director of the IDI and two of our staff met a group of us in Oxfam when, amongst other things, we discussed the need of the IDI for core-funding; the proposal that we should meet in October to discuss an invitation by Oxfam to the IDI to submit proposals and costings for a monitoring programme in

the needs of the victims of officialdom, when into conflict.

Oxfam accepts that so many agencies have been given recognition that allow them a little flexibility and that it is greatly to be regretted that Caroline Moorehead makes no distinction between agencies (or groups of agencies) and Oxfam. To liken all agencies to Oxfam without any qualification is to serve to undermine the work of some of our programmes, and to make us deeply involved in the work that the IDI wishes to plan.

Yours faithfully,  
BRIAN W. WALKER,  
Director-General,  
Oxfam,  
274 Banbury Road,  
Oxford.  
August 26.

## Election of the Pope

From Dr. Eric M. de Saventhem  
In Reports from Rome indicate  
improving usage among the members  
of the Sacred College about the late  
Pope's ruling which bars the 15  
00-or-more-year-old cardinals from  
the papal election. The ruling was  
introduced in 1970 with the age  
restriction "motu proprio", a basic  
self-qualification was solemnly re-  
affirmed in Article 33 of the apos-  
tolic constitution "Romani Pontificis  
electio" of 1975.

However there may have been the late  
Pope's motive at the time the  
reasons then and since officially  
advanced for this extraordinary and  
disturbing measure have been  
irregularly unconvincing. Even  
under the apostolic constitution of  
1975, the Holy See has had a  
number of cardinals (including the over-80-  
year-olds) who govern the Church during  
a papal vacancy. Nor is there any age  
limit regarding the future Pope him-  
self: the cardinal-electors (under  
80) are free to choose as the next  
Pope any of those excluded from  
the conclave.

Moreover, Pope Paul's statute  
confirms earlier dispositions that  
no cardinal may be excluded  
from the conclave by reason  
of any canonical sanctions with-  
out the necessary papal excom-  
munication: for the purpose of  
electing a new Pope, these sanc-  
tions are deemed suspended. How  
can an external factor such as  
reaching one's eightieth birthday  
be an irregularity? The most  
fortuitous fact that one was born  
on August 24 and not two days  
later, be considered a graver imperi-  
ment than excommunication—eg, on  
account of the heresy?

Should the cardinal-electors  
in this situation be the lack of  
equity is too apparent not to cast  
dark shadow over the whole  
celebration. Already, Archbishop  
de Sotomayor is reported as saying that  
his proceedings may have to be  
interrupted irregularly. The cardinals  
remain excluded. Could the  
College of Cardinals still decide to  
omit them? Hardly, since Pope

tries to tamper with the  
There may, however,  
solution. A Pope-elect  
succeeded to the Throne  
he has formally ac-  
nition. Paul VI's  
taken such acceptance  
too much so, and  
there are at least two  
an outright refusal, or  
assent. As neither ever  
been catered for in  
tion, the cardinal  
would be free to Jo  
either on the one hand  
Thus the Pope-elect  
his brethren: "I am  
moved by your consid-  
will only accept election  
the number of votes  
favours reaches what  
have been the require-  
had the over-80-year-  
been bere with us." I  
strong favorite, the bal-  
he was finally chosen  
have fulfilled that com-  
the canonical election  
hardly and the con-  
nosed refuse to hold  
new ball will anyone  
quailed if the Pope-elect  
is not forthcoming.

But the cardinal-electors  
even further away from  
Pope-elect's refusal  
acceptance they could  
only then—invent the  
old cardinals to join  
after all, Article 33 of  
constitution notwithstanding  
the Pope does not think  
an engaged in idle pro-  
splitting. What is at  
is nothing less than  
peachability of the  
election—clearly a ma-  
jor irregularity. The  
Catholic Church and the  
for the world as a whole.

Yours truly,  
ERIC M. DE SAVENTHEM  
President,  
International Federation  
of Catholic Cardinals  
CB-1815 Clarens,  
Switzerland,  
August 15.

## Open government

from Mr Paul Sieghart  
Sir, Writing of Lord Croom  
leader, August 17), you say that  
it is an almost unique event when  
a former top civil servant, with  
experience in Whitehall,  
makes the case for open govern-  
ment."

Such events are no longer as  
unique as they once were. No  
more has Lord Armstrong (whom  
you mention) made the same case,  
nor has the *Observer* published the  
Justice Report on Freedom of In-  
formation, which proposed a  
detailed Code of Practice for the  
disclosure of government informa-  
tion, to be inviolably by the  
Government, was the unanimous  
work of a Committee that included  
no fewer than three former top  
civil servants: Sir Denis Dobson,  
Sir Allan Marre and Baroness  
Barrap.

Such a Code of Practice could  
be brought into force at any time,  
without any need for legislation.  
I hope, though, that it will not be long  
before it is.

Yours, etc,  
ALAN SIEGHART, Chairman,  
Executive Committee,  
Justice.

Clement's Inn, Strand, WC2.

From Mr Bernard Steele  
Sir, William Mann, in his  
commentary on August 10th,  
Bayreuth (August 10th),  
uses a phrase which closely  
resembles Wagner's direction: "we  
certainly be passively  
Possibly, though some  
our doubts.

Despite the many  
Wagner's remarkable man-  
agement in music that  
was displayed. Much  
written, of recent years  
psychological and ethical  
*The Ring*. These, though  
are surely secondary to  
the musical and dramatic  
atmosphere and expan-  
sion of emotion.

Too often the eccentric  
sometimes absurdities—  
productions tend to do  
the music, instead of sub-

I venture to suggest  
*Ring* would gain immeasurably  
performance, with  
Wagner's adherence  
no Wagner's own direc-  
all, he was no mean  
I am, Sir, yours faithfully  
BERNARD STEELE,  
24 Eaton Place,  
Brighton.

## LETTERS TO THE EDITOR

## A fairer basis for the EEC budget

From Lord Bruce of Darnley to Sir Brian's net contribution to the EEC budget is now running at far higher levels than that indicated by Mr Hornsby (August 11), whose statistics related to 1976 when it stood at £1,000m. By 1978 it will reach over £640m and it is estimated to increase in 1979 to over £1,000m. This situation, it will be noted, exists contemporaneously with cuts in domestic public expenditure which have been made in roads into the clamant financial needs of our National Health Service, into housing, hospital and school programmes and into the realisation of the Government's social services undertaken by local authorities throughout these islands.

About £223m of our projected net contribution for 1979 represents our proper share of EEC spending which is of actual cost to the United Kingdom—on costs of administration, specific Community projects and development cooperation all totalling some £1,118m. This leaves a residual net contribution, which we have to have of £777m. Together with a much greater sum supplied by the Federal Republic of Germany this will be disbursed in accordance with the Common Agricultural Policy Regulations, and in various degrees, to all participating EEC countries, perhaps Belgium all of whom receive more money than they pay in.

Mr Jackson (August 17) discounts the idea of "cutting back the CAP" on the grounds that the phasing out of monetary compensation amounts arising from the common agricultural system would represent a net budgetary loss to Britain. This is not so. Since May 17, 1975, these MCAs

have been paid in cash not to the food importing countries such as ourselves, but indirect to the food exporting countries. Reducing total CAP expenditure would therefore be the direct budget advantage of Britain and reduce her huge and burdensome net residual contribution.

Her Majesty's Government should now therefore urgently insist on radical changes in the CAP aimed at reducing the colossal and unrequited net contribution to it involving, among other things, a discontinuance of the insane policies of spending nearly £1,000m per annum on the storage etc costs of surplus and surplus disposal. It rains. At the same time it should also insist on a complete restructuring of the Regional and Social Funds of the Community to enable them to play an effective part in reducing the gross disparities between the richer and the poorer areas of Europe.

As Mr Jackson says, the current negotiations on the proposed changes in the European monetary system provide an opportunity to raise these matters. Indeed they must be stipulated by Britain as preconditions for any proposals which would restrict her right to vary her exchange rate, since this renounces her most powerful and almost only defence in times of economic adversity, the effects of which have already been worsened by the grossly inflationary monetary financial contribution to Community funds.

Yours sincerely,  
DONALD BRUCE,  
House of Lords.

## Scottish Assembly costs

From Mr Tam Dalryell, MP for West Lothian (Labour).

Sir, lo bis "Letter to a European Fried" *The Times*, August 16, Mr Maundling writes: "So far as my constituents in Chipping Barnet are concerned, I think that the general view is that they have no objection whatever to the Scots running their own Scottish affairs so long as (a) they don't present us with a bill for it, and (b) they don't try and run our English affairs as well."

It is high time someone broke the news to the electors of Chipping Barnet that the Second Act violates both Mr Maundling's conditions.

In relation to (a), the costs of the Assembly to Edinburgh, and the paraphernalia of yet another tier of government, will come out of the block grant, or out of the pocket of the UK taxpayer. How long will the Scots accept less per capita in housing, education, and so on, and be asked to pay for another bureaucracy out of funds which might otherwise have been allocated to social services?

Yet, equal per capita government expenditure in Scotland, or more per capita, as at present, given the additional costs of the Assembly and its ramifications, means that millions of the taxpayers of Chipping Barnet will have to fork out cash for the Scots.

Furthermore, since the Assembly cannot raise money of its own, every grievance, real or imagined, will be laid at the door of a parsimonious English Treasury. Either the English will give way to the Assembly's demands for more cash, to the upset of Mr Maundling, and many other English MPs, or the cry for financial powers for...

In relation to (b), under the Scotland Act, I and 70 other Scottish MPs will be able to (speak and) vote money on policies concerning housing, education and health in Chipping Barnet, where I am a constituency councillor. I speak or vote on the same matters in Bathgate, the largest town in the constituency which sends me to Westminster. Only too probably, Scots MPs, without responsibility for the most delicate matters of politics in our own constituencies, will be able to influence decisively the nature of political decision in Chipping Barnet and every other English constituency.

Alas, these are not minor anomalies that can be altered, or overcome by goodwill. They are genetical defects of the Second Act.

Mr Maundling ought to tell the people of Chipping Barnet that there is no way in which his conditions can be met, if a subordinate Parliament is to be set up, in part, though only partly, of a United Kingdom.

If there had been any House of Lords in Scotland, the House of Commons might have alighted on such a solution, during 46 days of debate. We didn't. And why? Because there is no solution to the insoluble. The "Chipping Barnet" conditions cannot be met, and the sooner the English understand this, the better.

If people in Chipping Barnet desire to prevent the break up of the United Kingdom, all they can now usefully do is to contact friends and relatives in Scotland, and ask them to record a "No" vote to the referendum.

Yours etc,  
TAM DALYELL,  
Vice-Chairman,  
Labour Vote No Campaign,  
House of Commons.

## Building at Greenwich

From Mr Roy Fuller  
Sir, Both Mr Howells (August 17) and Mr Edgerton (August 18) acknowledge controversy and opposition apropos the proposed development. What they say in defence of their views is out after the point of my original letter—since the sites are an outstanding conservation area and the Greenwich Council are both developer and planning authority, the Secretary of State ought to adjudicate.

Yours faithfully,  
ROY FULLER,  
President,  
Greenwich Society,  
37 Langton Way, SE3.

the Patriarch, the President, the former Prime Minister (Mr Frangieh), the leader of the National Block (Mr Edde)—four of the most influential leaders of the Maronite community are all opposed to partition and so are 23 out of the 30 Maronite Members of the Lebanese Parliament.

Mr Solomon should also understand that besides the Maronites there is 12 other Christian sects in Lebanon. Not one of them supports the establishment of a Christian state.

Yours faithfully,  
MYRNA BUSTANI,  
PO Box 11036,

## Sports scholarships

**From Mr Norman Easton**  
Sir, We put a lot of store in this country on academic requirements for university entrance—and quite rightly so.  
But we make no provision in our university system to help those who show rich potential in those sports in which they engage at international level.  
The 1978 Commonwealth Games clearly illustrated the potential we have available. And why should we allow the Daley Thompsons, the Christopher Sums, to disappear to the Christopher universities to receive the necessary training to make them into worldbeaters?

**Police power**  
*From Canon R. N. Craig*  
Sir, Why does the discussion of police powers always seem to turn on the liberty of the individual versus the power of the state or community?  
My personal liberty is curtailed if I have to take elaborate precautions to protect my home or my car or, as an old man, I have to stay indoors when the local team is playing at home.  
I would very much prefer that the police should have greater powers so that the liberty may be increased.  
Towards this end I am prepared to accept some added in-

from the Queen's Jubilee

provide scholarships to British undergraduates. And on the strength of this support from big business and trade unions to put up money for the necessary facilities underpinned, of course, by government initiative. When the Minister of Sport who ought to be drawing up blueprints already for such an exercise.

With such great inspirational teachers as Alan Pascoe and Brendan Foster on board we could really go places. Why can't we?

Yours faithfully,  
**NORMAN EASTON,**  
 The Castle Close,  
 Ripley,  
 Near Harrogate,  
 North Yorkshire.

## Partition of Lebanon

From Mrs Myrna Sustani  
 Sir, Mr Samuel Solomon suggests  
 (Letters, August 3) that 75 per cent  
 of the Maronites want to see  
 Lebanon partitioned and a Christian  
 state set up.  
 I imagine that I know more about  
 my country and my religious com-

Felding to the Great Wall at  
 Badaling is hauled up the Nankou  
 pass by two diesel locomotives. The  
 one has a crew of men, the other  
 of girls.  
 Yours faithfully,  
 J. C. STONBOROUGH,  
 114A Ashby Gardens, SW1.

## Separate Scottish State will become irresistible

In relation to (b), under the Scotland Act, I and 70 other Scottish MPs will be able to (speak and) vote money on policies concerning housing, education and health in Chipping Barnet, whereas I am unable to do so in Scotland or vote on the same matters in Bathgate, the largest town in the constituency which sends me to Westminster. Only too probably, Scots MPs, without responsibility for the most delicate matters of politics in our own constituency, will be able to vote decisively on the nature of political decision in Chipping Barnet and every other English constituency.

Also, these are not minor anomalies that can be altered, or overcome by goodwill. They are ecological disasters in the Scottish context.

Mr. Maundling ought to tell the people of Chipping Barnet that there is no way in which his conditions can be met, if a subordinate Parliament is to be set up, in part, though only part, of a United Kingdom.

If there had been any intention to consider such a move, the House of Commons might have alleviated on such a solution, during 46 days of debate. We didn't. And why? Because there is no solution to the insoluble. The "Chipping Barnet" conditions cannot be met, and the Scottish people, English understand this, are the better for it.

If people in Chipping Barnet desire to prevent the break up of the United Kingdom, all they can now usefully do is to contact friends and relatives in Scotland, and ask them to record a "No" vote in the referendum.

Yours att,  
TAM DALYELL,  
Vice-Chairman,  
Labour Vote No Campaign,  
House of Commons.

muntry than Mr Solomon and I can, assuring him that he is wrong.

The Patriarch, the President, the former President, (Mr. Frangieh), the leader of the National Block (Mr. Tannous) and four of the most influential leaders of the Maronite community are all opposed to partition and so are 23 out of the 30 Maronite Members of the Lebanese Parliament.

Mr Solomoo should also understand that besides the Maronites there are 12 other Christian sects in Lebanon. Not one of them supports the establishment of a Christian State.

Yours faithfully,  
MYRNA BUSTANI,  
10, Beir,  
11/1036,  
Beirut,  
Lebanon.

## Police power

From Canon R. N. Craig  
Sir, Why does the discussion of  
police powers always seem to turn  
on the liberty of the individual  
versus the power of the state or  
community?  
If individual liberty is curtailed I  
have to take elaborate precautions  
to protect my home or my car or,  
as an old man, I have to stay indoors  
when the local team is playing at  
home.  
I should very much prefer that  
the police should have greater  
powers so that my liberty may be  
increased. Towards this end I am  
prepared to accept some added in-  
convenience—even the possibility of  
being wrongfully accused.  
I realize, of course, that there are  
other individuals whose liberty  
would be curtailed by these extra  
powers.  
Which individuals should have  
preference over society? This is  
the real question and we must not  
allow ourselves to be distracted by  
the emotive phrases (such as "the  
State") used by the NCCL (National  
Council for Civil Liberties).  
Yours sincerely,  
R. N. CRAIG  
The Vicarage,  
Alfreton,  
Derby.

## Segregated locomotives

From Mr J. C. Stonborough  
Sir, The Chinese go their own way in segregating locomotives as in so many other things.  
The 07:03 tourist train from Peking to the Great Wall at Badaling is hauled up the Nankou pass by two diesel locomotives. The one has a crew of men, the other of girls.  
Yours faithfully,  
J. C. STONBOROUGH,  
114a Ashley Gardens, SW1.







# THE TIMES

## BUSINESS NEWS

sites:  
cost  
chaos,  
14

### Engineering employers ject 'unreal' policy r industrial democracy

ward Townsend

Government's White Paper on employee participation in industry has been rejected by the Engineering Employers' Federation, which says it is "an unreal concept".

The strongly worded response to the government's proposals, by Mr Edmund Dell, Secretary of State for Trade, today says there is no sound reason why industry alone should be singled out for the role of a false and unrealistic principle.

The White Paper proposal for a statutory system for the appointment of employee directors, the on maintains that it will not be able to perfectly its vital wealth-producing role, and that the structure of authority and decision-making is not a matter of policy-forming and taking.

Professional skill and experience are the key factors for that matter of industrial officials or to be open to talent—is by the view that others

of quite different experience, training, and outlook can in short order assume and control their function merely by virtue of appointment through some so-called "democratic" process, buttressed by a subsequent smattering of training."

The EEF says the proposal, if accepted, would undermine, not strengthen the building of voluntary employee involvement arrangements.

Industry would be permanently exposed to political interference generated by interests such as those which, it claims, subscribed to the Bullock report on industrial democracy, and who "regard the gaining of control over industry as a vehicle for reshaping society into a pattern which the great majority of the electorate shows no sign of wishing to see."

The imposition of employee-directors by law is seen as the insertion of a wedge and is "relevant neither to the development of true employee involvement nor to the promotion of greater industrial effectiveness."

The federation says that neither the wishes of employees, nor the policies of unions, nor the practice of Europe afford

any justification for statutory worker directors. Indeed, better industrial relations, with their implied wholehearted union acceptance of the objectives of the private sector, would be a necessary precondition of admission of unionized employees to the responsibilities of board representation."

The proposed statutory obligation to consult employees on company strategy is also attacked as interfering with the healthy voluntary process of establishing and operating effective consultative machinery and practices at establishment and business level.

What Britain needs over the next five years, the EEF says, is a period of purely voluntary, but strongly encouraged development of employee participation, without "the stifling and overhanging threat of the eventual imposition by law of a particular, fall-back, union-dominated, employee board representative prescription."

The federation recommends a code of practice to help reach agreement on participation agreements. Progress should be reviewed towards the end of the five years and no legislation considered until the results have been thoroughly assessed.

### Union challenges BSC 'contract'

Industrial  
onment

by the British Steel Industry to extend industrial democracy throughout the industry are being defied by the industry's white-collar union.

Steel Industry Management Association will write to the BSC 1 to halt the moves approved by the Government's 2,000-member SIMA has not consulted about the industry's so-called "steel" with the labour force, and the appointment of representatives as

part-time directors on the main board, whose appointments were announced at the end of last month by Mr Varley, Secretary of State for Industry.

SIMA is not affiliated to the TUC and therefore has not been involved in discussions between the TUC steel industry consultative committee and the corporation.

But the organization claims that SIMA is entitled to participate in the discussions, and moves towards greater industrial democracy under the terms of the Iron and Steel Act 1975.

The High Court will also be asked to declare that in the

setting up by BSC of machinery for industrial democracy—the steel contract—SIMA is a nationally recognized union, with entitlement to all rights of participation in the management system proposed by the corporation.

Behind SIMA's move is the hope that the High Court will grant an injunction restraining the corporation from going further with the steel contract until SIMA has been fully consulted, and until the organization is accorded full participation in the contract.

In an effort to defuse the legal row, BSC has offered to have talks with SIMA leaders early next month.

### CBI survey reports weaker demand for consumer goods exports Manufacturers' orders show upturn

By Patricia Tisdall  
Management Correspondent

Signs that the improvement in domestic consumer demand is at last trickling through to manufacturers are contained in the CBI's survey of British industry trends survey. But taken as a whole the indicators continue to point to mixed prospects for producers with a slight deterioration in the recent growth of export orders.

The encouraging figures is the increase in the proportion of the 2,065 respondents to the survey which reported that their total order books were at or above normal. Some 15 per cent said in August that order books were above normal compared with 13 per cent in the July report. The percentage which reported "normal" order books rose from 43 per cent to 47 per cent.

Similarly there was a decrease from 42 per cent to 37 per cent in the number of manufacturers which registered "below normal" orders. All the replies, based on a weighted sample of respondents, exclude seasonal variations and are expressed on a volume basis.

The CBI says that the modest upturn is spread evenly throughout all sizes of companies, but demand is stronger for pro-

ducers of consumer and capital goods. Companies in the intermediate goods sector, and particularly those in metal manufacturing, continue to report weak total order books.

The slight slippage seen in export orders could be maintained if immediate hopes for an export-led economic recovery. Compared with the CBI's July report, the percentage of firms recording above normal level of demand in export orders has sunk from 18 per cent to 15. However, the proportion replying that their export orders were normal had risen from 39 per cent in July to 44 per cent while those which considered export demand to be below normal has remained static at 46 per cent.

The weakening of export demand is most apparent for companies in the consumer goods sector. While this suggests a sharp contrast with domestic demand for such companies' products, there appear to be ample supplies of stocks of finished goods throughout the manufacturing pipeline.

The survey found that 18 per cent of manufacturers (compared with 19 per cent last month) felt that their present stocks of finished goods are more than adequate. A further 60 per cent (compared with

59 per cent) considered that stocks were adequate, and only 9 per cent thought stocks were less than adequate.

A marginal uplift in business optimism accompanies the modest revival in orders. The proportion of manufacturers who expect their output volume to go up during the next four months has risen to 29 per cent, against 27 per cent in the July survey.

The percentage which expects output volumes to remain the same stands at 61 per cent compared with 63 per cent last month, while the numbers anticipating a downturn remains unaltered at 10 per cent. Again, the improvement over expectations recorded in the past two months is most apparent for manufacturers of consumer and capital goods.

A worrying trend, in view of the high proportion of producers—57 per cent—which believe that prices are the main problem in winning more exports, is an expected increase in domestic prices over the next four months.

The proportion of participants forecasting an increase in their average domestic prices stands at 50 per cent, compared with 44 per cent last month. This, the CBI says, is also slightly higher than earlier in the year.

### Far East drive by shipbuilders

From Richard Hughes  
Hongkong, Aug 20

British Shipbuilders is launching a drive for the sale of dry-dock and specialized vessels in the Far East, Hongkong will be the base for the corporation's regional operations.

Mr Cyril Hudson, director of the branch, which opens next month, stressed that British Shipbuilders would be selling "not just ships, but packages."

A "package" deal also included expertise in operating the vessel, advice on two-way cargo orders and a training scheme for the seamen. "Packages offered in the Far East will vary from customer to customer," Mr Hudson said.

"While tanker sales are likely to remain in the doldrums for a long while, the dry cargo market is picking up and in 18 months or so will be quite strong."

### Nippon cutback by 30pc as Japan joins Italy in Boeing airliner deal

From Peter Hazelhurst  
Tokyo, Aug 20

Nippon Steel Corporation, the world's biggest steel manufacturer, is expected to cut back production by 30 per cent to reduce its workforce by 6,000 men.

At the same time it was announced that Japan's embryonic aerospace industry will develop a new generation of international airliners, in collaboration with the Boeing Corporation.

Sources close to the Nippon Steel Corporation told Japanese and foreign journalists today that the nation's steel industry, with a total annual capacity of 120 million tonnes a year, has lost much of its competitive edge in overseas markets.

This was caused by the sharp revaluation of the yen in recent months and the low wages paid in steel plants of the developing nations.

To assess the full impact of

the Nippon cutback, one must realize that 9,000 workers in Japan's highly automated steel plants produce almost 50 per cent of the total annual output of the 200,000 workers in the British Steel Corporation.

Ironically, Nippon Steel Corporation is also worried that many of the plants it established in developing nations—South Korea and Brazil—might flood Japan with cheap steel.

The corporation is also committed to a plan of setting up a new integral steel mill near Shanghai for the Chinese.

Elsewhere, Japanese newspapers announced today that the Government would take part in a joint venture with the United States and Italy to produce a new generation of civil airliners.

Japan, which is expected to design and manufacture parts of the body and wings for the new Boeing 767, plans to begin production soon.

Officials refused to disclose

details of the joint venture, but hinted that the Civil Transport Development Corporation is expected to sign a formal contract with the Boeing Corporation and Aeritalia by mid-September.

The consortium has been formed to produce a new international airliner, code-named the Y X. Two types are being considered, one is the Boeing 767, with 220 seats and two engines, and the Boeing 777, with 234 seats.

Boeing has already received 40 orders for the 767s. Japan is expected to use most of the profits from the joint venture to develop its own aerospace industry.

The emergence of Japan in the international aerospace market seems as an example of how low wages, and rise of industrial bases in developing nations, is slowly but surely forcing Tokyo out of its old strongholds—steel, shipping and television—into the more complex arenas

### Te bodies aching skilled'

Industrial  
onment

ment departments and are said to be poaching skilled workers from the industry and paying them more than the guidelines allow.

Chief Manly president of the Engineering Employers' Federation, Mr. J. H. B. Smith, said that the Government's new statutory for poaching workers from the industry is a "disaster" and that the Government is "stealing the share of costs."

He said that the industry is now negotiating with the Government to have the statutory law repealed, and that the industry is now negotiating with the Government to have the statutory law repealed, and that the industry is now negotiating with the Government to have the statutory law repealed.

### Brokers' warning on 'painful' banks corset

By John Whitmore

The latest monetary date gave no grounds for complacency, and the banking "corset" could become painful if monetary growth showed signs of exceeding government targets, according to stockbrokers W. Greenwell, in their latest Monetary Bulletin.

They point to the strong growth in private-sector lending during July, and more particularly the impact of official intervention in the exchange market to hold down the value of sterling. The brokers suggest that the authorities should have learnt the lesson of last autumn when the monetary impact of excessive intervention finally forced them to allow sterling to float.

Greenwell also point out that the recent figures might tend to understate the underlying rate of growth in the money supply. They say that some people—not themselves—estimate that the clearing banks are creating credit at an annual rate of 20 per cent in the two months prior to mid-May to an investors' strike in the gilt-edged market.

### Third World plea for freer US imports

Washington, Aug 20.—An American Government panel will begin hearings on September 18 on requests from developing nations to broaden their list of duty-free exports.

Mr. Robert Strauss, Director of Special Trade Representative, said the Inter-Agency Trade Policy Panel would also consider other requests from the United States group to withdraw previously granted special tariff preferences.

The governments of Malaysia and Singapore, for example, are urging the United States to allow their transistors, diodes and other electronic components to the United States duty-free list.

The United States Industry Groups has asked OST to withdraw duty-free treatment for foreign leather clothing, polyvinylchloride, fishing tackle, shotguns, and some types of cheap cameras.

The trade policy panel will consider requests to add about 75 items to the duty-free list and to exclude 25 others.

### China invites foreign capital in quest for oil

New York, Aug 20.—China is openly sending signals all over the world that it is ready to welcome not only foreign oil exploration but also foreign risk capital to develop its offshore oil potential for export according to a Petroleum Intelligence Weekly report, published today.

This dramatic change arises from the new regime's decision to use foreign exchange export earnings to buy what China needs to make up for lost time on industrialization.

This time, it is China that has made the overtures selective ones—and has apparently indicated that some formula acceptable to all parties can be worked out. That is unlike the situation five years ago, when even exploratory talks with foreign oil companies came to a dead end on ways and means acceptable to the Chinese.

The terms China is willing to consider for offshore exploration and development are still unclear, according to the magazine. But reports from Peking suggest they would include risk

### Alarm over paper trade imbalance

By Patricia Tisdall

An increase in imports to give near-record penetration levels is reported by the British Paper and Board Industry Federation's latest trade results. The figures, covering the first six months of 1978 show a volume increase in imports of 8.6 per cent, taking their proportion of consumption in 46.9 per cent.

The Federation says that this is "uncomfortably close" to the all-time record of 47.2 per cent registered in 1974 "when very different conditions prevailed."

At that time all United Kingdom paper and board were running at full capacity, and excess demand could only be met from foreign sources. However, the industry is now working well below capacity and could have probably supplied another 300,000 tonnes during the period reviewed had the orders not gone overseas.

Production by British mills during the first six months effectively dropped by 2.2 per cent on the same period a year earlier to 2,133,000 tonnes compared with 2,182,000 for January to June, 1977.

Apparent consumption, however, went up from 3.6 million tonnes to 3.7 million.

The Federation says that some consolation can be found in the fact that most British mills are operating at modest profits, whereas the mills of the main exporting countries are still recording losses. Pressure is still coming from producers within the EEC, Spain and Brazil to sell to United Kingdom customers in addition to the traditional Scandinavian suppliers.

### £50m fall in National Savings

Heavy withdrawals of institutional money led to a net fall of £49.9m in the level of National Savings in July. During that month there were receipts of £269.9m and repayments of £319.8m. The total sum administered by the Department of National Savings stands at £10,324.5m.

Most of the repayments were made from the National Savings Bank's investment account, which suffered a net loss of £260.3m.

Of this, about £220m was accounted for by institutional withdrawals of money deposited in mid 1977, when heavy deposits by institutions led the Government to impose a £50,000 ceiling on their use of the account.

This outflow was to some extent paid for by an inflow caused by purchases of the 14th issue of National Savings Certificates, with sales amounting to £162.6m. This was a sharp increase on the previous month and reflects a raising of the limit on holdings from £1,000 to £3,000.

### Further studies chartered veyors urged

Employment  
onment

Employment attendance at qualification courses is recommended for chartered veyors to ensure continuing professional competence.

A special committee appointed by the Royal Institution of Chartered Surveyors says in a report published today that a should be introduced in 1980, to ensure that members are kept up to date with the latest "current learning" a year.

The prime motive of the report, according to the committee, is to ensure that the public is assured of the competence of its members.

The present institution of only on a combination of professional and commercial pressure to maintain a proper level of competence throughout a career," the report says.

### Repayment of Chrysler losses call

By Our Industrial  
Correspondent

Mr Eric Varley, Secretary of State for Industry, has been urged to ensure that Chrysler Corporation contributes its share of losses, sustained by its United Kingdom subsidiary this year, to the Government.

The agreement negotiated between Chrysler and the Government two and-a-half years ago, in a letter to Mr Varley, an Opposition industry spokesman, Mr Michael Givens, Conservative MP, North-west Surrey, asked if any payments had yet been made by the Government and Chrysler on the adjusted losses for this year.

If Mr Varley approved the proposed takeover of Chrysler's European operation by Peugeot-Citroën, it should be on the basis that Chrysler Corporation contributed its 50 per cent share of the 1978 and 1979 losses, up to a maximum of £7.5m, and £5m, respectively, be stated.

Mr Givens has also raised the question of a £28m guaranteed loan, made by the Government to Chrysler UK and guaranteed by the company's American parent. He told Mr Varley: "I hope it will be possible for you to ensure that this guarantee is assumed by Peugeot-Citroën."

The Government should ensure that a further seven-year loan of £35m, made by a consortium of London and Scottish clearing banks, and at present guaranteed by the Government, was taken over by Peugeot-Citroën.

These issues were among some of the important points to be covered before the Government approved the French takeover of Chrysler UK.

### Demise of Speke operation could provide object lesson to Linwood

Any Chrysler car workers who, as the American-owned company faces up to its new crisis, are tempted to believe that one way or another their jobs are sacrosanct, might find it a salutary experience to visit the Leyland plant on Merseyside.

Lorries rolling through the gates at Speke, Merseyside, and trundling equipment down the motorways to Coventry are a sharp reminder of 3,000 motor industry jobs that disappeared overnight, and of an operation that having begun with high hopes ended in disaster.

Leyland's decision to shut the Speke assembly line and transfer TR 7 sports car production to Canley, Coventry, was something that Mr Michael Edwards, the Leyland chairman, laid on the line as being a crucial element in his plans for reorganizing the company's car manufacturing operations.

When the plan was first announced it looked like a politically and industrially impossible piece of surgery. After all, he was talking about losing 3,000 jobs in a Special Development Area, where unemployment, at more than 13 per cent, is among the worst in the country.

But at the end of the day—and after all the predictable noises had been made—it was the Speke workers themselves who recognized the inevitability of the closure. And they voted overwhelmingly to accept redundancy terms which were, admittedly, among the best ever put on offer in the industry.

Threats, mostly from the more militant groups of Leyland shop stewards, to get the TR 7 production "blackened" by workers in other areas were never translated into action. This was largely because there was little support on the shop floor.

Leyland reports that the transfer to Canley is going ahead "on schedule" and that the TR7 is expected to be in production again well before the end of the year.

Mr Jeffrey Harbert, managing director of Leyland's Rover/Triumph operations, says the company's original timetable for the transfer is being met, which seems to imply that the Coventry workers are co-operating fully in the operation.

Existing assembly lines at Canley are being modified to produce the TR7—probably in a revamped form—while other essential equipment is being moved from Speke where (as things stand) the adjacent pressing shops will continue to produce the body shells.

Few of the 3,000 workers were either offered, or were willing to take up, jobs at other Leyland plants. Those who did were mostly highly-skilled men. The vast majority simply took their redundancy pay and left.

At Canley TR7 production when it starts will create no new jobs apart from a few for specialists.

Meanwhile, Speke, with the remains of its disused assembly lines, stands idle awaiting a decision by Leyland about its future.

The analogy with Chrysler's situation is not a fanciful one. Until the American-owned parent company announced its

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### Frank Vogl in Washington

President Carter has now set off for a two-week holiday, leaving everyone speculating whether Mr. Jordan, Mr. Rafshoon, Mr. Powell and Mr. Eisenstat, will continue to order the Treasury and Fed about. No doubt Mr. Carter hopes foreign exchange operators will follow his example and rest as well.

### SIEBE GORMAN HOLDINGS LIMITED

"Further profitable progress anticipated... level of incoming orders well ahead of last year."

Highlights from the Statement of the Chairman, Mr G C D'Arcy Biss:

- Record Group pre-tax profit of £4.47m.
- 14th successive year of increased profits.
- Turnover increased 17% to £42.54m.
- Earnings per share up from 25.2p to 28.1p.
- Excellent trading achievements by UK companies and nearly all overseas companies increased sales.
- UK exports up 34%.

The Siebe Gorman Group designs and manufactures advanced technology fire fighting and underwater products, industrial safety and survival equipment, and leisure and protective wear.



BY THE FINANCIAL EDITOR

## Interest rates and Wall Street

A good number of reputations are going to be made or broken on Wall Street this year. Analysts and fund managers who missed out on the market turn this spring and who have subsequently missed out on the extension of that rally over the past three weeks are doubtless sweating profusely. Some continue to grit their teeth and argue that it is all too good to last, but their expectations of a major credit crunch before the year is out have been increasingly cast aside by the market.

Indeed, a major factor behind this month's strength on Wall Street has been quite simply the belief that interest rates had already peaked, or come so close to their peak that it was imperative to move in on the market before the Dow Jones Average lifted off into the 900s. Behind the argument that interest rates were on the verge of peaking has been a growing feeling that the economy was settling down to a more sedate and less inflationary rate of growth after the second quarter surge. As a result, it was argued, there was little more the Fed needed to do on the interest rate front—a view that the Administration too has clearly favoured.

The fundamentals working in their favour. Wall Street and other foreign markets have been buoyant. The dollar premium has been holding at comfortably over 50 per cent, which is high by recent standards. Some institutions have reportedly been buying trusts with big foreign assets as a way of pre-empting any Government move later this year to direct their investment more into smaller United Kingdom companies. Others, again, are believed to be anticipating an increase in the weighting of the sector in the FT Actuaries index later this year, which could lead some institutions to re-weight their own portfolios accordingly.

In view of all these influences, the only surprise is that investment trust discounts have not reduced still further. In January for instance, at the time of the bids for Edinburgh and Dundee Investment Company and British Investment Trust, the average discount fell as low as 21 per cent. Subsequently it moved back up to almost 30 per cent, but only last month another £85m was taken out of the sector via Barclays Bank's bid for the Investment Trust Corporation.

Moreover, it is widely felt that unless the anticipated bid comes quickly the sector will be beset by stale holdings ready to liquidate their speculative holdings. In that case present discounts might not be sustainable for much longer, however attractive the fundamentals. Clearly the bids of the past year have not yet sufficed to tackle the underlying problem of oversupply of investment trust paper which is preventing share prices moving closer to underlying asset values.

### Life assurance Premium growth in perspective

On the face of it, the 20 per cent plus (and in some cases a great deal more) increase in premium income in all classes of life assurance business in the first half of this year over the same period in 1977 is a matter of congratulation. However, it does conceal one rather despondent fact: sales of conventional endowment assurance as a savings alternative are the weakest link.

The growth this year stems from special factors, notably the buoyant housing market, with the ancillary sales of either straight endowment or low cost endowment as part of the mortgage package; the conversion of the income bond maturities into immediate annuities; and thirdly a big push in ordinary business sales by the industrial assurance companies such as the Prudential and the Pearl which are trying hard to minimize high cost industrial business in their portfolios.

#### NEW LIFE ASSURANCE BUSINESS

	Six months ended June 30	
	1978	1977
	£ millions	
Annual	215	174
Single	238	194
Unit-linked annual	29	23
Unit-linked single	148	99

But in respect of annual premium policies in the traditional AB markets is the picture any different from the early part of 1977 when it was tempting to predict the decline of conventional life assurance? The answer must be, not much. The reluctance to enter into long-term contracts as a result of doubt that endowment contracts will prove a rewarding investment still seems to be there. Middle class money from the broker markets continues to by-pass its traditional home and is going into unit-linked single premium bonds.

The move to establish unit-linked subsidiaries by the major life insurance companies last year seems as valid as it ever did. Not even the Treasury's latest view in its Wilson evidence that the personal savings ratio has been consistently so high for so long because people are saving more to reinstate the real value of savings alters the outlook. Inflation will keep savings up, but conventional life assurance, the traditional answer to inflation, will take second place to the newer, more flexible forms of savings.



Mr Michael Blumenthal, Secretary of the United States Treasury.

In that context, then, the extent to which Friday's decision to allow interest rates up another notch represents any significant change of heart in official circles might be open to question: the political pressures to avoid any further tightening of credit and so increase the risk of recession in the first half of next year are obviously considerable.

Yet the evidence that the economy really is likely to slow sufficiently to relieve inflationary pressures is still no better than mixed. Friday's revised second quarter figures, for instance, indicated that both GNP growth and inflation were rather higher than estimated earlier.

As far as the money supply goes, the trend in M1 has been erratic to say the least over the summer months. But many monetary analysts are still looking for fairly strong growth in credit demand over the rest of the year and that could exert upward pressure on interest rates, either through the straight working of market forces or as a result of ultimate official acceptance that tighter monetary control really is needed both to reduce inflation and stabilize the dollar. It remains to be seen then if the Administration has done anything more than buy itself time.

### Investment trusts The speculative flavour returns

During the past couple of weeks the investment trust sector has seen a resurgence of speculative interest reminiscent of the exciting days of January. Once again expectations have built up, that another big bid is on the way. The would-be buyer is expected to be a nationalized industry pension fund, and several of the bigger independent trusts are being viewed as potential victims.

The impact on share prices has been pronounced. For example, Investors Capital, an £89m trust, has seen the discount to asset value on its share price narrow to 18 per cent, while London Trust, an £80m trust, has narrowed similarly. By contrast the average discount for the remainder of the sector stands at more like 26 per cent. Investment trusts have, in any case, had

Employers' and unions' representatives are expected to resume talks on a national agreement covering pay and conditions next month which, they hope, will help improve Britain's poor performance record on large engineering construction sites.

Progress has been slow and hesitant. More than eight years have passed since the National Economic Development Office report concluded that the negotiation of a single, comprehensive national agreement would be an instrument for reforming the anarchic practices of this industry whose main clients are the power, oil, chemical and steel industries.

The report disclosed that on multi-contractor sites, earnings, conditions and fringe payments, such as subsistence and travelling allowances, were subject to enormous disparities and a major cause of industrial unrest.

These agreements were merely the starting point for high-level local bargaining, as labour played one contractor off against another, or contractors sought to buy themselves out of trouble, often under pressure from clients. Chain reactions of claims and disputes were begun by companies both within and between sites.

Despite some rationalization of the various bodies involved in negotiations, little progress was made towards a national agreement. It was largely to give a further push to the recommendations of the report that the NEDO published, in December 1976, a comparative study of projects in Britain and abroad. The Engineering Construction Performance report demonstrated with disturbing clarity how poorly the industry fared in terms of cost and delivery times.

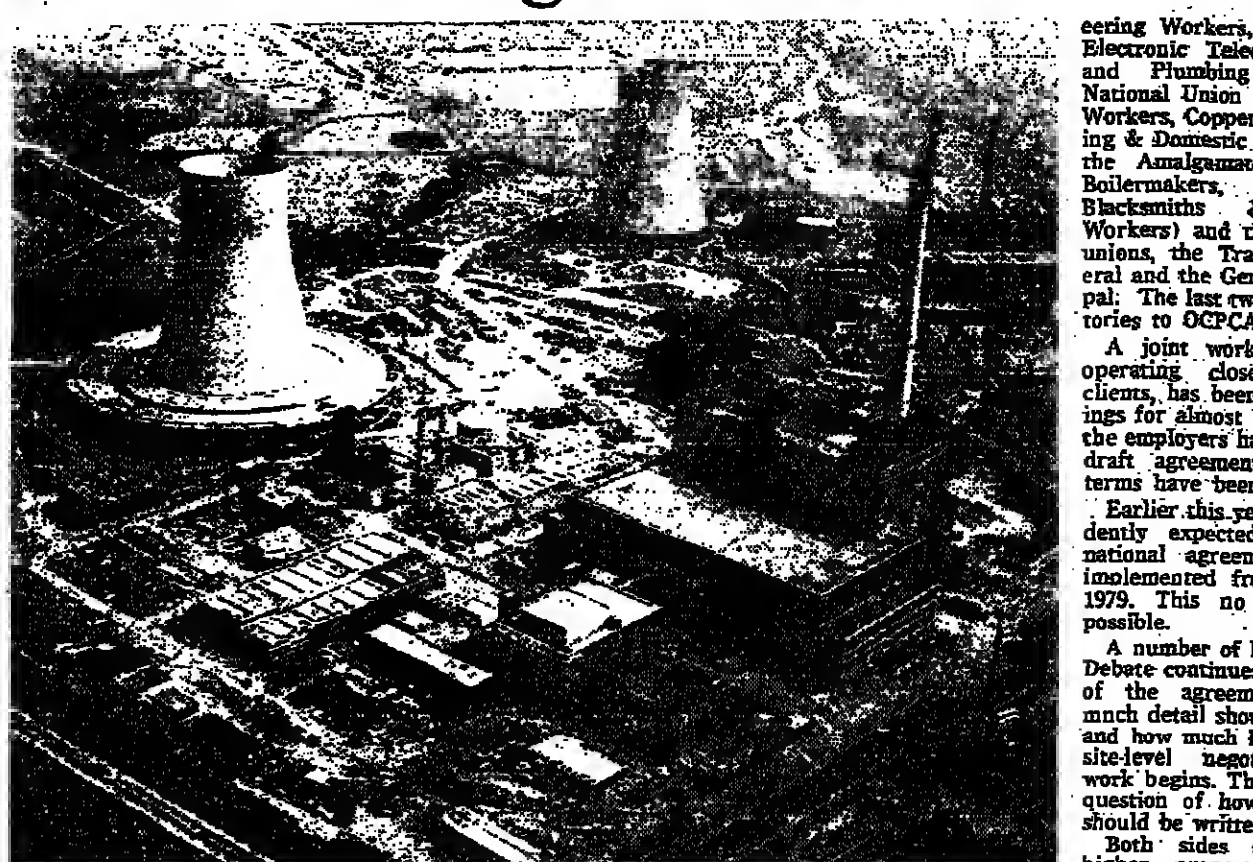
Since then performance has not improved. At present, there are probably 46 sites where the value of work exceeds £20m. The workforce is small—some 35,000 manual workers—but the total current expenditure by the process industries is large, with more than £2,500m tied up in onshore sites.

On several of these sites, performance has been bitterly and expensively—up to £20m—disappointing. Much public attention has been focused on the problems encountered by the Central Electricity Generating Board over its power station building programme. The cost of delays at the seven stations being built is now put at £900m of which about two-thirds was incurred by the nuclear sector.

One of them is Dungeness "B" in Kent, 10 years behind schedule and likely to cost £255m more than originally estimated. The oil-fired Ince "B" on Merseyside is likely to be completed three years late. Already more than one million working hours have been lost.

But the CEB's experience is by no means unique. A 500,000 tonnes ethylene plant, being built for an ICI-British Petro-

## Big sites: counting the cost of chaos



Ince B: three years late and a million working hours lost in construction.

leum joint venture on Teesside, is a year behind schedule. Its final cost is expected to be more than £150m—against the £120m estimated when the plant was first announced in 1974.

A similar delay is expected at Monsanto's chemicals complex at Seal Sands, also on Teesside. And delays of up to three years are now expected on the £300m Ekofisk field terminal being built for the Phillips group, again at Seal Sands.

Labour problems are only part of the story and may merely be the end-product of other organizational failures. Certainly, other problems, highlighted in the NEDO reports, continue to manifest themselves. For instance, at Dungeness "B", labour disputes and poor productivity are estimated to have been responsible for only 23 months delay and 533m of the cost escalation. By comparison, technical design and safety difficulties were blamed for 77 months of the delay.

For this reason no one regards a national agreement as a cure all. Indeed, it can be argued that insufficient attention has been paid to other recommendations in the original NEDO report.

Some have been taken up, with varying degrees of commitment and success. A number of clients have made big improvements to on-site amenities. Training programmes for craft workers and management have been introduced through a sector committee of the Engineering Industries Training Board.

Clients have resolved to reduce the overlap of design and construction. The CEB,

for one, has recently affirmed its intention to freeze design before work begins on site. The suggestion that the number of contractors directly accountable to the client should be reduced has also been adopted. Although in some instances contractors found themselves pre-occupied or supervising work with which they were not familiar.

On other recommendations, little has been done. On the union side there has been disappointment that no moves have been made to provide more stable employment either through contractors increasing their permanent workforce or a register of site workers. The latter method almost presupposes some form of national agreement. Nor has the role of shop stewards been clarified.

Nevertheless, a national agreement is regarded as crucial. Mr Tom Garfit, director of the Oil and Chemical Plant Constructors' Association (OCCPA), says: "Without it, no real improvement in productivity and work opportunities can be achieved."

Mr John Baldwin, general secretary of the construction section of the engineering union, says the agreement has become a matter of urgency. "We must attract more investment, but we shall not do that unless we can restore the industry's credibility," Mr Baldwin said.

Present investment intentions suggest the industry's manpower requirements could decline by more than 5,000 workers over the next two years. Mr Baldwin gave a stern warning

recently that there was a question mark over Government and multi-national projects on Teesside because the industry could not build on time or to cost.

To bring order out of chaos is a complicated business. It requires the cooperation and commitment of clients, who are loosely formed in a national clients' group. It requires the coordination of employers on the one hand and the unions on the other, and their coming together into a joint negotiating body.

The principal employers' organization are OCCPA, with about 40 members, and the sites group of the Engineering Employers' Federation with about 300 members. They have separate traditions, different methods of recruiting and organizing their workforces, and a main source of site dissatisfaction—pay settlements dates six months apart.

OCCPA companies predominate on oil and chemical sites and EEF companies on steel and power sites. Those controlled by the OCCPA operate site agreements, a common agreement covering all contractors working on a particular site.

Those controlled by EEF members work to the national Mechanical Construction Engineering Agreement, which allows each company considerable flexibility in setting its own terms and conditions. Several unions are involved. They are the five craft unions represented on the National Engineering Construction Committee (the constructional and engineering sections of the Amalgamated Union of Engi-

neering Workers, the Electrical Electronic Communications and Plumbing Union, National Union of Sheet Metal Workers, Copper-Smiths & Blacksmiths, Shipwrights Blacksmiths & Structural Workers) and the two general unions, the Transport & General and the General & Municipal. The last two are not signatories to OCCPA agreement.

A joint working party, operating closely with clients, has been holding meetings for almost 18 months, the employers have submitted draft agreement. No terms have been included.

Earlier this year it was widely expected that a national agreement could be implemented from January 1979. This no longer seems possible.

A number of hurdles remain. Debate continues on the extent of the agreement—just a much detail should be included and how much left flexible, site-level negotiation, but work begins. There is also a question of how much money should be written in.

Both sides agree that higher proportion of low second-tier payments should be consolidated into the main rate.

But there is scepticism among employers that the union will control their on-site membership to prevent bonuses being upwards from a high base.

Some form of central monitoring of site productivity schemes seems necessary. If agreement is to be acceptable to clients.

A snag has arisen in the form of union differences over representation on the proposed negotiating machinery. Although Mr Baldwin stresses the problem should be resolved soon.

Already it is clear that should a national agreement emerge, it will come too late to affect the start of work on the £100m Drax B power station. The board has determined that mechanical engineering work will not be until a site agreement has been drawn up.

All main contractors employing labour on-site would be required to join a "federated" arrangement. The board has sought in a national agreement how a national agreement would affect existing sites, still not clear. Could new rates, for instance, be introduced without conflicting with Government pay policy? Could some form of "cost-plus" arrangement be introduced?

The members of the joint working party still have a lot of issues to resolve. The price of failure could be continued chaos, and in the long term, loss of investment and jobs.

John Huxley

## End of Arab spending spree?

Arabs have been on a spectacular spending spree in Britain and Western Europe in recent years, but now they may be increasing their investments in the United States.

"I'm afraid the boom days in Britain are over," said Abdul Ghani al-Dallil, Economic Adviser to the Arab and International Bank for Investment.

"Arab investment will continue in Britain on a smaller scale because changes in the British economy have not been as favourable from our point of view as they were a few years ago."

"America is now experiencing the kind of conditions that Britain has experienced in the past—depressed prices and depreciated currency."

Britain received a large share of the wealth that flooded the Arab world when Arab producers quadrupled the price of their oil at the end of 1973. The British Tourist Authority says at least 400,000 Arabs came to London last year and spent an average of £2,740 (about £1,380) each, displacing Americans as the biggest spenders.

There are an estimated one million Arabs living, working or playing in Europe, and at least a dozen Arabic-language papers have been launched for them.

Economic experts have conservatively estimated that the Arabs have pumped at least £700m into Britain's ailing economy since 1974.

The Arabs mainly invested their riches in prestige property and in industry. Thousands headed for holidays in Europe when Lebanon, their traditional playground, was torn by war in 1975.

Paris and Geneva also have attracted the high-rolling oil sheikhs. Now, Arabs say, West Germany appears to be heading for a petrodollar boom.

But London has been the focal point of the Arab invasion. At least \$950m has been poured into British companies or used in buying property.

An Associated Press survey showed that the same has happened in other European countries, but on a smaller scale.

It is difficult to measure the true scale of the Arabs' financial stake in British commerce because they generally keep their shareholdings below 5 per cent, the level at which they must publicly declare themselves.

The Kuwaiti Investment Office, an agency of Kuwait's Finance Ministry, said last year it had invested £120m in blue chip companies, mainly prestigious financial institutions.

These include 5.8 per cent of the Bank of Scotland, valued at £4.4m; 5.8 per cent of Guardian Royal Exchange Association, valued at £13.8m; and 6.2 per cent of legal and General Assurance, valued at £13m.

These figures, financial experts say, are probably only the tip of the Kuwaiti investment iceberg and only a fraction of the overall Arab stake in British companies.

The biggest visible impact in Europe, however, has been in property. Saudi Arabian interests bought the Dorchester Hotel in 1972 for £9m.

Saudi Arabian tycoon Akkram Ojeh paid about £7.5m for the laid-up liner France, once the pride of the French merchant fleet.

The Emir of Qatar bought a summer estate for an undisclosed amount in Geneva's Verbois lakeside suburb. He feeds his falcons raw mutton on the immaculate lawns.

But there are signs the bonanza in Britain is slowing down. This is because investment returns in other parts of Europe and the United States look more attractive and because the Arabs are increasingly sensitive to British resentment at their wealth.

The Arabs, who British Government sources say have been spending up to £25m a year on doctors' bills in London's elite Harley Street or at private hospitals, now are looking elsewhere.

Arab royalty, politicians and businessmen pay their own bills. But most Arab governments subsidize treatment for their less prestigious nationals in London and a unique breed of diplomat has emerged to handle their medical problems—the health attaché.

But, Arabs claim, the boom has set the fees charged by British doctors and hospitals sky-high and made many Arabs feel they are being cheated.

One Arab is said to have been charged £10,000 for dental work last year, far in excess of normal fees.

"We're now directing our people to Germany, Switzerland and Yugoslavia," an Arab diplomat said. "Anyone with anything to sell automatically doubles his price when he sees an Arab coming."

Ed Blanche  
AP-Dow Jones

### Industry in the regions

#### Land-hungry Maidstone

Maidstone and its immediate neighbourhood is too land-hungry to be open-handed with its hospitality towards "footloose" industrialists.

Kent County's structure plan acknowledges the popularity of this part of the county for industrial development, but it sets out to inhibit exploitation of that popularity by gentle dissuasion of all applicants to whom the situation is a new factor is not a consideration.

As a general rule, the plan in its present form (it now awaits final approval by the Secretary of State for the Environment) rules that if an applicant can be persuaded to relocate to some other part of Kent, he should be.

Maidstone's own town map, which has been approved, shows about 100 acres of industrial land, but only about 15 acres are immediately available for development. Planners are quick to point out that, of the rest, some are more available than others.

The borough council tends to be choosy about allocating its own sites. One of the first questions group always want answered when they consider an industry is: "how many jobs will it create?"

The answer to that question usually means that factories are rather more welcome than warehouses.

Maidstone does not have specially high unemployment. Compared with some other parts of Kent, its 3.5 per cent is low. Most of the job seekers are unskilled, although there is a persistent, strong contingent of building tradesmen among them.

But there is a fairly constant pool of married women seeking jobs, too.

The council's own 50-acre Parkwood industrial estate in the south-east corner of the town, includes about 10 acres of land still to be developed.

In 1976 the council entered into a partnership development agreement with Industrial and Commercial Finance Corporation (ICFC) which is building small factory units at Parkwood.

Building began in March, and has been one of the local industrial development success stories. Although the first stage is not due to be completed until November, all but one of the seven units are under offer or already let.

These units are of three sizes: 3,200 sq ft, 3,600 sq ft and 5,400 sq ft, and rents are £1.60 a sq ft.

The second stage of this particular development is expected to make five more units of 6,000 sq ft each available by next April. The agents are

Ward and Partners of Chatham whose Mr James Warner said "Interest was so strong in the Phase 1 units that all the lettings were completed before the agents' board went up."

Now the council is thinking of using more of the Parkwood land for smaller (1,000 sq ft) factory units.

Mr John Williams, the estate officer, said: "The council will be considering this idea further in the autumn, but we think there might be a demand for 'nursery' units of this size."

There could be another 10 acres of former quarry land, part of a converted former 100-acre site, which could be made available almost immediately for light industrial development, if the council agrees to scheme later this year.

Would-be developers apply for sites in the Maidstone area (and, for that matter, in Kent generally) sometimes fall foul of the need for an Industrial Development Certificate (IDC), if their application involves more than 12,500 sq ft. A recent application for a 20,000 sq ft development that would have been welcomed by the local council was turned down because the applicant could not get the necessary IDC, and the town has had to be content with fewer jobs and a much smaller first-stage development instead.

Apart from the council-owned sites, there are about 15 acres of land and premises in Maidstone which are now in non-industrial use and for which permission would probably be given to convert or redevelop for industry.

Privately owned premises available for letting for industry in the town include an 18-acre converted former filling station (Chrysler) building. The building, which is almost in the town centre stands beside the River Medway within a few minutes' walk of three railway stations.

It has been converted into 20 units of between 1,000 and 4,000 sq ft each, letting for between £1.50 and £2.50 per sq ft.

There are opportunities for newcomers to mid-Kent just across Maidstone's north-west frontier, in neighbouring Tonbridge and Malling districts, where some 47 acres of industrial development is ready to begin. And there are plans to bring forward about 120 acres of new industrial land at a rate of about 15 or 20 acres a year.

But here, too, the structure plan restrictions apply, and while the present policies operate, would-be industrialists need to be able to show that if they cannot come to this particular part of Kent, they will look outside the county altogether for a new site.

A declaration of that sort could make all the difference in a county whose policy is to put the encouragement of job opportunities first.

## Business Diary in Europe: Spain's winning ways

Although the daily temperature in Madrid has been running at about 30°C, Christmas is plainly just around the corner for Father Christmas' busy helpers at the Spanish National Lottery Administration. The printing presses have already begun churning out tickets for the 1978 version of the annual Spanish Christmas lottery, higher than ever and still by far the biggest single lottery drawing in the world.

"El Gordo" (the fat one), to be drawn next December 22 in Madrid, will scatter nearly £172m all over Spain, fulfilling the Christmas dreams of tens of thousands of Spaniards and a few foreigners as well. That is £16m more than last year, and it works out to average winnings of over £5 for every man, woman and child in the country.

With no less than 27 top prizes of £1,400,000 each among the more than 274,000 cash prizes, the winnings are bound to be well distributed as usual. More important, they are tax-free.

Fate is not always magnanimous with the winners. In 1977, a blind lottery seller to the Mediterranean village of Manises collected only 225,000 pesetas (slightly less than £1,600) for himself after selling the winning Christmas lottery.

It happened like this: as the drawing began, he sat behind a few shares to sell. So he stood in the market place chanting his number, hoping that housewives would buy one of the few remaining eight-peseta "participaciones" or shares, pinned to his shirt.

Suddenly he was surrounded by a mob of screaming women who were trying to tear the bits of paper from his chest. When the blind vendor, Señor Francisco Tarrega, did not know that at that moment the winning number had been given on radio and television. A friendly shopkeeper shouldered his way through the crowd and told him to put the last 32 pesetas worth of shares of the winning number in his pocket for himself.

If, in spite of such incidents, you don't mind the gamble, the pay-off in the Christmas lottery is particularly generous. The top prize in each of the 27 series brings a return of 10,000 to one. That means that for the cost of a "decimo", a one-tenth share of any number, you can win nearly £140,000, and a "decimo" costs only about £14. Nearly 176,000 holders of "decimos" will win the smallest prize, their money back.

It is now decided who is to have the key job of coordinating British consumers' representations in Brussels on proposed European legislation.

The issue has been one of the most contentious in the British consumer world this year, involving both a degree of rivalry between the National Consumer Council and Consumers' Association and a rebellious display of independence by other British consumer groups.

In the end, the National Consumer Council have got most of what they wanted. It is they who will account for an



Therese Maclear: voted "No"

additional grant of £35,000 from the Department of Prices and Consumer Protection for the work, and it is one of their research officers, Therese Maclear, who will shortly be announced as the new secretary of the coordinating committee which has been formed to make the British case as forcibly as possible in Brussels.

Ms Maclear might be thought to have had something of an inside track, since she had already done work for the committee in its previous, less formal and unfunded, existence. It was she, for example, who wrote their criticism of the European Commission's

proposed directive on doorstep selling.

At a Civil service principal's salary which these days means something close to £10,000, Ms Maclear had to be thought of as a field of 60, although perhaps significantly there were no applicants at all from the staff of the Consumers' Association, which had provided the committee's secretariat hitherto.

Ms Maclear has never disguised the fact that she voted "No" to the referendum on British entry to the EEC, but apparently she is now reconciled to membership and sworn to do her best for British consumers.

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Nevertheless, it scarcely makes happy reading for the Government. More than 70,000 jobs are involved, including 1,000 in steel, 20,000 in different sectors of the metals industry, 7,500 in clothing and 4,500 in textiles.

Some of the companies mentioned have in fact already closed and are currently being set up or worked in, such as the Cazenove machine tool plant at Saint Denis and the Chaux printworks, at Saint Ouen.

The list also draws attention to threats facing 6,000 workers in the Naval shipyards and to 3,000 workers at Alsthom-Atlantique.

Publication of the list ought to help L'Humanité's sales. People who buy it will be able to check through it to find out whether there is any point in them turning up for work in the morning.

Spain's new purple passion, the 5,000 peseta banknote, has made its appearance. It could not have come at a better time for the company promoting a certain Spanish brandy under the slogan "Que bien se queda Carlos



## Building materials and retailers set the scene

## Anglo-American is casting an interested eye over Johnnies

With the FT Ordinary share index maintaining its post 5000 level this first leg of the Bank Holiday account could be susceptible to any unexpected news—either trading or economic.

On this latter side, the provisional unemployment figures for August, out tomorrow will show a fall from 10.5% of the school leavers have managed to find jobs while the other economic indicator, on Thurs-

## This week

day, gives the capital spending, level of manufacturing, distributive and service industries for the second quarter.

Also on Thursday, comes interim figures from index stock Blue Circle Industries.

According to the outgoing chairman, Mr John Blair, sales during the first three



**Mining**

from marbling norfolias and  
nrasoocool in a simple organiza-  
tion seem obvious. The logic is  
reinforced by the absence of a  
central bank. In the Monetary Plan,  
num alone would not put Anelo  
the same dominance over that  
market as De Beers enjoys with  
diamonds, and there could be  
anti-trust problems. There is a  
powerful lobby in South Africa  
that does not want to see Anglo  
ever bigger.

Yet at the back of one's mind  
there is the sneaking feeling  
that nothing at Anelo is quite  
so simple. For the moment,  
however, the speculative in-  
terest in Johannesburg is likely to  
be sustained, whatever the  
eventual management.

**Michael Prest**

## Optimistic outlook at Magnet & S'thns

incoming orders for the initial months of the present year is well ahead of last year, while existing and new products and trading activities will serve to maintain the group's commercial edge

### **Penn Central's Reorganization**

Philadelphia—Penn Central Transportation said it will emerge from bankruptcy on October 24, under terms of an order issued by the United States District court in Philadelphia, which has been overseeing its reorganization. The court authorized the formation of a reorganized company to be known as Penn Central Corporation and the transfer of management from three court-appointed trustees to a new group of directors.

"The concept is to use the Sunhill name across a broad

Mr Greener has tackled the difficult problem of selling so many different products that he has established a management structure in which three main board directors are responsible for geographical areas and three other senior executives have responsibility for groups of products. "These six call the shots," he says. "I don't interfere."

When he has a problem, either involving major policy or one of personality, "Dunhill is on the lookout for new products, one possibility is a full range of Dunhill cigarettes," Greener says. "I could not be pursued by tobacco. But Dunhill's strong balance sheet and considerable liquidity (\$14.2m including short-term investments) underlines the likelihood of the company taking any line of diversification—when the right chance that fits its image-building comes along."

**Donk Harris**

**Dunhill's Tony Greener: looking for investment return.**

Mr. Greener said: "The pipe

## Business appointments

### New chairman at Massey Ferguson Ltd

Mr Conrad Black has been appointed chairman of Mass Ferguson Limited. He replaces A. Bruce Matthews, who remains a director.

Mr A. Duval, general manager and secretary of Co-operative Insurance, is to be chief general manager from February 12, succeeding Mr J. H. G. B. Jones.

Mr Bryan Hope has become managing director of Wine Fair and Promotions.

Mr Mike Summers has been made managing director of B. T. Trade.

Mr Peter Rowley has been appointed deputy managing director of Hardall, a Percy Lane Grosvenor subsidiary.

Mr R. Andrew becomes managing director of Beacon Wurdle and Co. with effect from August 31.

Mr J. H. G. B. Jones, directors of Cantrell & Cochrane (Great Britain) Ltd., A. J. Lister, Mr P. J. Allen, J. Ewan and Mr J. J. F. Hooper, directors of Cantrell & Cochrane Southern Bottlers, Ltd. D. E. Parker is appointed personnel director of both companies.

Mr J. H. G. B. Jones, directors of Cantrell & Cochrane Southern Bottlers, is appointed to the Cantrell and Cochrane board. The appointment is subject to acceptance of the firm for forming a new holding company to own both companies.

Mr R. J. Budge has been appointed a director of the Avonmouth Insurance Co. Ltd., which is the Lloyd's insurance broker.

is pleased to announce that  
with effect from MONDAY 21st AUGUST 1978  
the Bank will be located in new premises  
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Cable: BUHALON LONDON EC2

costs in London and during the past Germany and Switzerland as well as Belgium all registered with daily charges giving an highest in the world. Kuwait and Saudi Arabia head the list, needed for business ing to London. The index is base

allowances used by international civil servants when fixing rates for senior professional grades of staff travelling on official duty.

The daily rates cover the cost of a single room with bathroom in a first class (luxury grade) hotel in the centre of capital city as well as breakfast, lunch, dinner and service charges. They do not cover travel costs, such as a taxi, nor entertainment expenses.

**Patricia Tisdall**  
Management Correspondent

\_\_\_\_\_

highest in the world. Kuwait and Saudi Arabia head the list, with daily charges giving an

index reading (Loodoo equals 100) of 186 and 184. But they are closely followed by Bahrain, with so index of 170, and Qatar at 139.

But even in these countries there has been a reduction in their expensiveness relative to the United Kingdom. The index for Bahrain, for example, has dropped from 242 at the end of last year to 170. Daily costs of accommodation and meals for executives staying in Bahrain are estimated at £119; in Kuwait at £130 and in Saudi Arabia at £129, against the £70 which it is estimated is

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## FINANCIAL NEWS AND MARKET REPORTS

## Lull in tanker trade due to lack of tonnage

In both the tanker and dry cargo markets, last week saw rising rates to begin with followed by a period of relative calm. Speculation as to the sudden rise in the tanker market was still circulating, but hopes of the mini boom continuing took a knock as few fixtures were down in the second half of the week. This lull was due to a large degree to the absence of available tonnage which has been absorbed by the recent hectic chartering.

Brokers are however forecasting that rates will go on rising, possibly above world scale 40, over the next two weeks or so until tonnage brought out of lay-up begins to make its presence felt, which will also provide an incentive for lower rates.

According to market reports, Greek owners are leading the moves to bring tonnage out of lay-up, where as others who have had their tankers burned in similar situations over the past two years, are tending to hold off. Certainly if a large volume of tonnage is activated,

## Freight report

it will mean lean times for the rest of this year. It is only with the last few months that the withdrawal of tonnage into lay-up has provided a little more stability in the market.

In addition to the idea of a new European oil embargo being considered, by the Arab oil producers unless concessions are forthcoming from Israel at the next Middle East peace meeting to be held in the United States early next month, and earlier than usual expression of fears over an Opec oil price rise at the end of this year, are being put down as the causes for the present tanker market boom.

As to last week's actual business, around a dozen Vicos and two Ulics were fixed. Payments for trips to Europe ranged from worldwide 31 up to worldwide 37.5 paid by Petrofin for a 260,000 tonner.

David Robinson

## Weekly list of fixed interest stocks

Stock	Latest Price	Prev. Week
Alb & Wilson 7% Deb	67	67
Alb & Wilson 9% Deb	73	73
Alb & Wilson 10% Deb	64	64
Alb & Wilson 11% Deb	66	66
Alb & Wilson 12% Deb	68	68
Alb & Wilson 13% Deb	70	70
Alb & Wilson 14% Deb	72	72
Alb & Wilson 15% Deb	74	74
Alb & Wilson 16% Deb	76	76
Alb & Wilson 17% Deb	78	78
Alb & Wilson 18% Deb	80	80
Alb & Wilson 19% Deb	82	82
Alb & Wilson 20% Deb	84	84
Alb & Wilson 21% Deb	86	86
Alb & Wilson 22% Deb	88	88
Alb & Wilson 23% Deb	90	90
Alb & Wilson 24% Deb	92	92
Alb & Wilson 25% Deb	94	94
Alb & Wilson 26% Deb	96	96
Alb & Wilson 27% Deb	98	98
Alb & Wilson 28% Deb	100	100
Alb & Wilson 29% Deb	102	102
Alb & Wilson 30% Deb	104	104
Alb & Wilson 31% Deb	106	106
Alb & Wilson 32% Deb	108	108
Alb & Wilson 33% Deb	110	110
Alb & Wilson 34% Deb	112	112
Alb & Wilson 35% Deb	114	114
Alb & Wilson 36% Deb	116	116
Alb & Wilson 37% Deb	118	118
Alb & Wilson 38% Deb	120	120
Alb & Wilson 39% Deb	122	122
Alb & Wilson 40% Deb	124	124
Alb & Wilson 41% Deb	126	126
Alb & Wilson 42% Deb	128	128
Alb & Wilson 43% Deb	130	130
Alb & Wilson 44% Deb	132	132
Alb & Wilson 45% Deb	134	134
Alb & Wilson 46% Deb	136	136
Alb & Wilson 47% Deb	138	138
Alb & Wilson 48% Deb	140	140
Alb & Wilson 49% Deb	142	142
Alb & Wilson 50% Deb	144	144
Alb & Wilson 51% Deb	146	146
Alb & Wilson 52% Deb	148	148
Alb & Wilson 53% Deb	150	150
Alb & Wilson 54% Deb	152	152
Alb & Wilson 55% Deb	154	154
Alb & Wilson 56% Deb	156	156
Alb & Wilson 57% Deb	158	158
Alb & Wilson 58% Deb	160	160
Alb & Wilson 59% Deb	162	162
Alb & Wilson 60% Deb	164	164
Alb & Wilson 61% Deb	166	166
Alb & Wilson 62% Deb	168	168
Alb & Wilson 63% Deb	170	170
Alb & Wilson 64% Deb	172	172
Alb & Wilson 65% Deb	174	174
Alb & Wilson 66% Deb	176	176
Alb & Wilson 67% Deb	178	178
Alb & Wilson 68% Deb	180	180
Alb & Wilson 69% Deb	182	182
Alb & Wilson 70% Deb	184	184
Alb & Wilson 71% Deb	186	186
Alb & Wilson 72% Deb	188	188
Alb & Wilson 73% Deb	190	190
Alb & Wilson 74% Deb	192	192
Alb & Wilson 75% Deb	194	194
Alb & Wilson 76% Deb	196	196
Alb & Wilson 77% Deb	198	198
Alb & Wilson 78% Deb	200	200
Alb & Wilson 79% Deb	202	202
Alb & Wilson 80% Deb	204	204
Alb & Wilson 81% Deb	206	206
Alb & Wilson 82% Deb	208	208
Alb & Wilson 83% Deb	210	210
Alb & Wilson 84% Deb	212	212
Alb & Wilson 85% Deb	214	214
Alb & Wilson 86% Deb	216	216
Alb & Wilson 87% Deb	218	218
Alb & Wilson 88% Deb	220	220
Alb & Wilson 89% Deb	222	222
Alb & Wilson 90% Deb	224	224
Alb & Wilson 91% Deb	226	226
Alb & Wilson 92% Deb	228	228
Alb & Wilson 93% Deb	230	230
Alb & Wilson 94% Deb	232	232
Alb & Wilson 95% Deb	234	234
Alb & Wilson 96% Deb	236	236
Alb & Wilson 97% Deb	238	238
Alb & Wilson 98% Deb	240	240
Alb & Wilson 99% Deb	242	242
Alb & Wilson 100% Deb	244	244

## Bank Base Rates

Bank	Rate
ABN Bank	10%
Barclays Bank	10%
BCCI Bank	10%
Consolidated Credit	10%
C. Hoare & Co.	10%
Lloyds Bank	10%
London Mercantile	10%
Midland Bank	10%
Nat Westminster	10%
Royal Bank	10%
TSB	10%
Williams and Glyn's	10%

M. J. H. Nightingale & Co. Limited  
62-63 Threadneedle Street, London EC2R 3HP Tel: 01 538 8551

## The Over-the-Counter Market

Company	Price	Change	High	Low	Open	Close	Settle
3,100 Airsprung Ord	62	-	15.4	8.7	8.2		
490 Airsprung 18% CULS	196	-	2.8	9.4	8.3		
1,075 Arden & Rhodes	43	+1	3.3	7.7	18.2		
5,438 Bardon Hill	178	+11	12.6	6.7	9.7		
3,383 Deborah Ord	126	+6	5.1	4.0	10.2		
460 Deborah 17% CULS	230	-	17.5	7.6	-		
18,347 Frederick Parker	127	+1	12.4	9.8	5.0		
3,087 George Blair	145	-	15.0	10.3	5.4		
1,400 Jackson Group	56	-	5.0	8.9	5.6		
15,872 James Burroughs	309	+1	29.7	9.6	5.0		
3,152 Robert Jenkins	21	+1	-	-	18.8		
4,487 Tivoli Ord	81	+3	12.0	14.8	-		
2,241 Twinklton 12% ULS	80	+2	7.4	9.3	8.6		
3,482 Unilock Holdings	112	+3	7.2	6.4	6.9		
7,074 Walter Alexander	112	+3	7.2	6.4	6.9		

## Effect of frost on Brazilian coffee crop a matter of guesswork

How badly next year's Brazilian coffee crop has been damaged by the current cold weather seems largely to be a matter of guesswork.

One estimate, by Senor Camillo Calazans, president of the Brazilian Coffee Institute (IBC)—which he stressed was only an impression—was that Brazil would lose about 3m to 4m 60-kilo bags from a crop which, before the cold weather, he had thought might total some 20m to 22m bags.

Although some London traders had at first discounted Senor Calazans's figures, putting the potential losses at around 1m bags, later reports showing that there had been damage not only in Parana, but also in Sao Paulo and southern Minas Gerais, made Senor Calazans's figures seem more realistic.

A more pessimistic view of possible crop losses has been taken by Senor Fabio Melles, president of the Sao Paulo Agriculture Federation. He thinks that there will be a 30 to 35 per cent shortfall for Brazil as a whole, based on the pre-frost estimate of 20m bags. Reuter has reported that Rio de Janeiro's one leading export house, which is part of the largest single producer group in the country, has said it is convinced that losses will prove to be around six million bags, about double the IBC figure.

The greatest uncertainty is about losses in southern Minas Gerais and although trade sources are extremely cautious about making estimates about damage there, the president of the state agriculture federation has put losses in that area alone as between two million and 2,400,000 million bags. The great need now is for the affected areas is for rain to assist the next flowering. However, the next month, should there be a dry spell, as happened after the disastrous 1975 frosts, flowering would be seriously hindered and next year's harvest could be worse than now expected.

One possible effect of the frost is that if Brazilian domestic needs for 1979-80 remain at six million to seven million bags, and the intention to export about 12 million bags is adhered to, there will be little chance of stocks in Brazil being built up behind the current low level of around three million bags.

Earlier, Senor Calazans commented on reports circulating overseas that Brazil would increase its direct indemnity to overseas buyers. He said that Brazil was not planning any measures to make its coffee more competitive.

Senor Calazans thought about altering its export terms only after the International Coffee Organization had resolved the question of export quotas.

From New York, leading coffee traders were reported as saying last week that the Colombian Coffee Federation had sold about 1.5 million to 2 million bags of immediate and nearby shipment coffee to Europe and the United States in about 10 days to August 15. Dealers noted that although sales prices were probably negotiated under long-term haying agreements with individual roasters, quotations for August and September shipment Colombian coffee rose sharply during this period.

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## Commodities

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## Catalogue of gloom seen for engineering industry

Many observers have no time for engineering's backbone of British industry since the left aloof by the latest economic upturn. Some, despairing of finding anything cheerful to say, counsel us to examine the companies and ignore the sector.

Mr Colin Fell and Mr Matthew Windridge of broker J & A Scrimgeour have a foot in both camps. In their *Engineering and Industrial* bulletin they recall their May opinion which was: "The primary characteristics of the engineering and industrial sectors remain stagnation in demand coupled with pressure on margins... overseas we continue to view prospects with concern. The likelihood of further disappointing results... could still leave engineering sectors vulnerable."

Since then nothing has changed except sterling and that for the worse. It has risen, to the disadvantage of exporters. The change in dividend controls means little to most engineers. For most, dividends seem destined to stay through the usual 10 per cent. In some cases, indeed, the authors think that maximum payouts would not be justified.

Among engineering leaders the writers see little short-term traction. GKN is politely described as going through a period of transition; Tube Investments is fairly valued; Vickers fights on for adequate compensation but suffers continuing big losses on offshore engineering.

Results from Delta Metal and IMI are expected to be disappointing but Scrimgeour supports McKenna Brothers. It has no enthusiasm for Lead Industries and Johnson Matthey may be a little exposed. Dowry and Dobson Park have already had a good run, and so have T. W. Ward and J. Fenner.

The quality if not the quantity of company profits make the shares attractive and despite a profits plateau, Stone-Platt warrants a higher rating. No early recovery is expected from Bridon, Remond and Pegler Hattersley. Streetly suffers from short term profits weakness.

This catalogue of gloom is echoed by broker Henderson Crosthwaite. Mr R. N. Philipson-Stowe writes that run of the mill engineers will find profits growth hard to come by in the next eighteen months.

Mr Philipson-Stowe says that industrial activity has not recovered much and he does not expect it to do so in the closing months of this year. Thanks to Phase Three wages are tending to rise faster than prices.

From these and circulars we move to a jolly one from Mr J. P. Harn of broker W. Greenwell. He writes about

## Unit Trust Prices—change on the week FT Index change on week 312.9—19.0(%)

Unit Trust	Current Price	Change on Week	FT Index	Change on Week
Authorized Unit Trusts				
1. Aberdeen City & District	11.5	-0.5	312.9	-19.0
2. Aberdeen City & District	11.5	-0.5	312.9	-19.0
3. Aberdeen City & District	11.5	-0.5	312.9	-19.0
4. Aberdeen City & District	11.5	-0.5	312.9	-19.0
5. Aberdeen City & District	11.5	-0.5	312.9	-19.0
6. Aberdeen City & District	11.5	-0.5	312.9	-19.0
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61. Aberdeen City & District	11.5	-0.5	312.9	-19.0
62. Aberdeen City & District	11.5	-0.5	312.9	-19.0



## Capitalization and week's change



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